
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **September 10, 2010**

BMB MUNAI, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of incorporation)

001-33034

Commission
File Number)

30-0233726

(IRS Employer
Identification Number)

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

(Address of principal executive offices)

050051
(Zip code)

+7 (727) 237-51-25

(Registrant's telephone number, including area code)

N/A

(Former name of former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- [] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- [] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- [] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- [] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On September 10, 2010, BMB Munai, Inc. (the “Company”) entered into a Supplemental Indenture No. 2, dated as of September 10, 2010, between the Company and The Bank of New York Mellon, as trustee (“Supplemental Indenture No. 2”). Supplemental Indenture No. 2 amends and supplements the Indenture dated September 19, 2007 between the Company and The Bank of New York Mellon, as trustee, as previously amended by Supplemental Indenture No. 1, dated as of June 1, 2010 (the “Indenture”). The Indenture was entered into in connection with the U.S. \$60,000,000 aggregate principal amount of 5.0% Convertible Senior Notes due 2012 (the “Notes”) issued by the Company in 2007. Supplemental Indenture No. 2 was entered into pursuant to the Company reaching an agreement in principle with the holders of the Notes (the “Noteholders”) on general terms for a proposed restructuring of the Notes.

The Indenture provided for four put dates that allowed the Noteholders to redeem the Notes prior to their 2012 maturity date. The first three put dates passed unexercised. The fourth put date commenced on June 13, 2010 and expires on September 13, 2010. Supplemental Indenture No. 2 grants the Noteholders a fifth put date that commences on September 13, 2010 and expires on December 31, 2010. In exchange for the fifth put date, the Noteholders separately agreed they will not exercise their put options for the fourth put date and they will not exercise their put option for the fifth put date prior to October 15, 2010; provided, however, the Noteholders may exercise such put options at any time prior to their respective expiration dates upon the occurrence of any of the following: (i) a default occurs under the Indenture excluding certain defaults that occurred prior to September 10, 2010, (ii) failure by the Company or any of its material subsidiaries to timely pay any Indebtedness (as defined in the Indenture) or any guarantee of any Indebtedness that exceeds U.S. \$1,000,000, or any Indebtedness becomes due and payable prior to its stated maturity other than at the option of the Company or any of its material subsidiaries, or (iii) the Noteholders holding a majority in outstanding principal amount of the Notes provide notice to the Company and the other Noteholders that negotiations with respect to the restructuring have terminated. Therefore, it is possible the Noteholders could exercise a put option with respect to the Notes prior to October 15, 2010 if any of the foregoing events occur.

Prior to entering into Supplemental Indenture No. 2, the Company was in default of certain covenants contained in Article 9 of the Indenture requiring the Company to maintain a minimum net debt to equity ratio and to comply with certain notice, delivery and other provisions. The Noteholders separately agreed to waive these defaults until the earlier of: (i) October 15, 2010 or (ii) the fifth put date (as contained in Supplemental Indenture No. 2), with the understanding that such waiver shall not constitute a waiver of any default under the Indenture that remains ongoing as of October 15, 2010 or occurs after September 10, 2010. The Company currently believes it will not be able to remedy the net debt to equity ratio covenant by October 15, 2010 and, therefore, anticipates it will be in default under the Indenture at that time unless a future waiver is obtained from the Noteholders.

Although the Company and the Noteholders have reached an agreement in principle as to the general terms of the proposed restructure, there is no assurance the parties will enter into definitive agreements regarding the plan of restructure or that the parties will successfully close and consummate a plan of restructure regarding the Notes. Moreover, there is no assurance the Noteholders will provide any future waiver or any further extension of their redemption put rights under the Indenture.

The description of Supplemental Indenture No. 2 in this Current Report on Form 8-K is only a summary of that agreement and is qualified in its entirety by reference to the terms of Supplemental Indenture No. 2, a copy of which is attached as an exhibit to this Current Report on Form 8-K.

Item 8.01 Other Events.

On September 13, 2010, the Company issued a press release announcing the agreement in principle with the Noteholders on general terms for a proposed restructuring of the Notes and the execution of Supplemental Indenture No. 2 extending the terms of the redemption rights available to the Noteholders. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Supplemental Indenture No. 2, dated September 10, 2010, between BMB Munai, Inc. and The Bank of New
10.33 York Mellon, as trustee

Exhibit 99.1 Press Release of BMB Munai, Inc. dated September 13, 2010

SIGNATURE

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

BMB MUNAI, INC.

Date: September 13, 2010

By: /s/ Gamal Kulumbetov
 Gamal Kulumbetov
 Chief Executive Officer

SUPPLEMENTAL INDENTURE NO. 2

THIS SUPPLEMENTAL INDENTURE NO. 2 ("Supplemental Indenture No. 2"), dated as of September 10, 2010, is entered into between BMB MUNAI, INC., a corporation duly organized and existing under the laws of the State of Nevada (the "Issuer") and THE BANK OF NEW YORK MELLON, a banking corporation organized under the laws of the State of New York, as trustee (the "Trustee").

WHEREAS, the Issuer and the Trustee entered into an indenture dated as of September 19, 2007, as amended by Supplemental Indenture No. 1 dated as of June 1, 2010 (as may be further amended, supplemented or replaced from time to time, the "Indenture"), providing for the issuance by the Issuer of U.S. \$60,000,000 aggregate principal amount of 5.0% Convertible Senior Notes due 2012 (the "Notes");

WHEREAS, pursuant to Section 7.1(a)(vii) of the Indenture, the Issuer is permitted to make any change that would provide additional rights or benefits to the Holders provided that such modification does not adversely affect the interests of the Holders in any material respect, without the consent of the Holders;

WHEREAS, the Issuer wishes to amend the Indenture for the benefit of each of the Holders by adding an additional option for the Holders to require the Issuer to redeem the Notes on the Fifth Put Date (as defined below) and providing for related acceleration and exercise mechanics without in any way limiting or affecting the existing redemption or other rights relating to the Notes;

WHEREAS, the Issuer and Counsel have confirmed by Opinion of Counsel that this amendment does not adversely affect the interests of the Holders in any material respect;

WHEREAS the Issuer and 100% of the Holders have been in discussions regarding a possible restructuring;

WHEREAS 100% of the Holders are aware that the Company is or may be currently in default under certain covenants (specifically Sections 9.7, 9.8, 9.10-12, 9.21 and 9.24) and have waived the Company's compliance with those covenants until the earlier to occur of (i) October 15, 2010 and (ii) the Fifth Put Date (as defined below); and

WHEREAS, this Supplemental Indenture No. 2 is supplemental to the Indenture.

NOW, THEREFORE, it is mutually covenanted and agreed as follows:

ARTICLE I

AMENDMENTS

SECTION 1.1 *Supplemental Indenture*. Upon execution of this Supplemental Indenture No. 2, the Indenture shall henceforth be read and construed as one document with this Supplemental Indenture No. 2.

SECTION 1.2 *Definitions*. For all purposes of this Supplemental Indenture No. 2:

- (a) All capitalized terms used but not defined herein shall be have the meanings ascribed to them in the Indenture; and
- (b) As used in Section 10.2, the term “**Put Settlement Date**” shall mean, (i) in relation to the options described in Sections 10.2(a) and 10.2(b) hereof, the date that is 10 New York Business Days following the date on which the Holder validly deposits a Put Option Notice with the Paying and Conversion Agent; (ii) in relation to the option described in Section 10.2(c)(i) hereof, the Third Put Date as defined in Section 10.2(c)(i) hereof, (iii) in relation to the option described in Section 10.2(c)(ii) hereof, the Fourth Put Date as defined in Section 10.2(c)(ii) hereof and (iv) in relation to the option described in Section 10.2(c)(iii) hereof, the Fifth Put Date as defined in Section 10.2(c)(iii).

ARTICLE II

REDEMPTION AT THE OPTION OF NOTEHOLDERS

SECTION 2.1 *Amendment of Redemption at the Option of Noteholders*. Section 10.2 of the Indenture is hereby amended and restated to read in its entirety as follows:

10.2 The Issuer shall, at the option of the Holder of any Note, redeem such Note:

- (a) in the event that the Initial Shelf Registration Statement has not been filed on or prior to the Filing Deadline Date, on any day following the Filing Deadline Date until, but excluding, the Shelf Registration Statement Filing Date (the “**First Put Exercise Period**”) at a price equal to 110% of its principal amount together with interest accrued but unpaid to such date; or
- (b) in the event the Shelf Registration Statement Effective Date has not occurred, on any day following the one (1) year anniversary of the Original Issue Date (the “**Anniversary**”) until, but excluding, the earlier of the day that is 45 days after the Anniversary or the Shelf Registration Statement Effective Date (the “**Second Put Exercise Period**”) at a price equal to 110% of its principal amount together with interest accrued but unpaid to such date; or
- (c) on either (i) July 13, 2010 (the “**Third Put Date**”), (ii) such date that is two (2) New York Business Days after the date of a Put Option Notice given by a Noteholder after June 13, 2010 but on or before September 13, 2010 (the “**Fourth Put Date**”) or (iii) such date that is two (2) New York Business Days after the date of a Put Option Notice given by a Noteholder after September 13, 2010 but on or before December 31, 2010 (the “**Fifth Put Date**”), in each case at a price equal to 104% of its principal amount together with interest accrued but unpaid to such date.

In order to exercise the option contained in clause (a) or (b) above, the Holder of a Note must, during the First Put Exercise Period or the Second Put Exercise Period, as applicable, deposit with the Paying and Conversion Agent such Note Certificate and a duly completed Put Option Notice.

In order to exercise the option contained in clause (c)(i) above, the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Put Settlement Date, deposit with the Paying and Conversion Agent a duly completed Put Option Notice and, in the case of a Put Option Notice relating to Notes evidenced by a Note Certificate, such Note Certificate.

In order to exercise the option contained in clause (c)(ii) above, the Holder of a Note must, after June 13, 2010 and on or before September 13, 2010, deposit with the Paying and Conversion Agent a duly completed Put Option Notice and, in the case of a Put Option Notice relating to Notes evidenced by a Note Certificate, such Note Certificate.

In order to exercise the option contained in clause (c)(iii) above, the Holder of a Note must, after September 13, 2010 and on or before December 31, 2010, deposit with the Paying and Conversion Agent a duly completed Put Option Notice and, in the case of a Put Option Notice relating to Notes evidenced by a Note Certificate, such Note Certificate.

The Paying and Conversion Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a “**Put Option Receipt**”) to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Section 10.2, may be withdrawn; *provided, however,* that if, prior to the relevant Put Settlement Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Put Settlement Date, payment of the redemption moneys is improperly withheld or refused, the Paying and Conversion Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any Outstanding Note is held by the Paying and Conversion Agent in accordance with this Section 10.2, the depositor of such Note and not such Paying and Conversion Agent shall be deemed to be the Holder of such Note for all purposes. Should a Holder of any Note redeem such Note in accordance with this Section 10.2, the Issuer shall give notice to Noteholders in accordance with Section 12.2 hereof.

The Issuer shall give notice to the Noteholders as soon as practicable following such event of the Shelf Registration Statement Filing Date and the Shelf Registration Statement Effective Date, in accordance with Section 12.2 hereof and, in the absence of such notice, the Shelf Registration Statement Filing Date and the Shelf Registration Statement Effective Date shall be deemed not to have occurred for the purposes of this Section 10.2.

SECTION 2.2 Notice. The Issuer shall provide notice to the Trustee and each Noteholder in accordance with the Indenture within three (3) Business Days of the receipt of any Put Option Notice.

SECTION 2.3 Amendments with Respect to the Indenture. Except as amended hereby, the Indenture shall remain in full force and effect and is hereby ratified, adopted and confirmed in all respects. All references to “this Indenture,” “hereunder,” “hereof,” “herein,” or words of like import, and all references to the Indenture in any other agreement or documents shall hereafter be deemed to refer to the Indenture as amended hereby.

ARTICLE III
PROVISIONS OF GENERAL APPLICATION

SECTION 3.1 *Severability.* In case any provision in or obligation under this Supplemental Indenture No. 2 shall be invalid, illegal, or unenforceable in any jurisdiction, the validity, legality, and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 3.2 *The Trustee.* The recitals and statements in this Supplemental Indenture No. 2 shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for their accuracy or correctness. The Trustee shall not be responsible or accountable in any manner whatsoever for or with respect to the validity or sufficiency of the Supplemental Indenture No. 2.

SECTION 3.3 *Effect of headings.* The Clause headings herein are for convenience only and shall not affect the construction hereof.

SECTION 3.4 *Governing Law.* The Internal law of the State of New York will govern and be used to construe this Supplemental Indenture No. 2, the Indenture (as supplemented and amended hereby) and the Notes (as supplemented and amended hereby).

SECTION 3.5 *Consent to Jurisdiction and Service.* The Issuer agrees that any suit, action or proceeding against the Issuer brought by any Holder or the Trustee arising out of or based upon this Supplemental Indenture No. 2, the Indenture or the Notes may be instituted in any state or Federal court in the Borough of Manhattan, New York, and any appellate court from any thereof, and each of them irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The Issuer irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Supplemental Indenture No. 2, the Indenture or the Notes, including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Issuer agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Issuer and may be enforced in any court to the jurisdiction of which the Issuer is subject by a suit upon such judgment; *provided*, that service of process is effected upon the Issuer in the manner provided by the Indenture.

SECTION 3.6 *Counterparts.* This Supplemental Indenture No. 2 may be executed in any number of counterparts, and by the different parties hereto in separate counterparts, and each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Supplemental Indenture No. 2 shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 2 to be duly executed by their respective officers duly authorized, all as of the day and year first written above.

BMB MUNAI, INC.,
in its capacity as Issuer

By: _____

Name: Askar Tashitov

Title: President

THE BANK OF NEW YORK MELLON,
in its capacity as Trustee

By: _____

Name: Marco Thuo

Title: Vice President

NYC 718425.4



PRESS RELEASE

www.bmbmunai.com

BMB MUNAI, INC. REACHES AGREEMENT IN PRINCIPLE ON TERMS FOR RESTRUCTURING U.S. \$60,000,000 CONVERTIBLE SENIOR NOTES AND AGREES TO EXTEND NOTEHOLDERS' REDEMPTION RIGHTS

ALMATY, KAZAKHSTAN – September 13, 2010 - BMB Munai, Inc. (NYSE Amex: KAZ) today announced that it has reached an agreement in principle with the holders of its U.S. \$60,000,000 aggregate principal amount of 5.0% Convertible Senior Notes due 2012 (the “Notes”) on general terms for the proposed restructuring of the Notes. In connection with the proposed restructure, the Company and the holders of the Notes (the “Noteholders”) have executed a Supplemental Indenture No. 2 extending the terms of the redemption rights available to the Noteholders.

The proposed restructuring of the Notes is subject to confirmatory due diligence and the negotiation and execution of definitive agreements, including a revised Indenture governing the Notes. Assuming the parties enter into definitive agreements, the closing and consummation of the Note restructure is expected to be contingent upon regulatory and shareholder approvals and other conditions.

The Note restructure contemplates that the Company will secure the Notes. The security will include: (i) a first priority pledge of the Company’s equity interest in its wholly-owned subsidiary, Emir Oil, LLP; (ii) a guarantee of payment of the Notes by Emir Oil and any future subsidiary of the Emir Oil or the Company; (iii) the guaranty obligation of Emir Oil to initially be secured by its exploration license(s); and (iv) a pledge of the production licenses for the Aksaz, Dolinnoe and Kariman fields once they become pledgable and the pledge over the exploration license shall cease to be effective.

In addition to securing the Notes, the Company will agree to certain changes to the payment terms of the Notes. Upon consummation of the plan of restructure, the Company will make a \$1,000,000 cash payment towards the principal balance of the Notes, which will result in an adjusted principal amount of \$61,400,000 after giving effect to the payment. The cash payment and the increase in the principal amount reflect an adjustment based on the value of the unexercised third put option. The coupon rate of the Notes will increase from 5% to 9%, and will continue to be payable semi-annually. The Company also agreed to an additional coupon that will be payable if the product of the price of Brent and the Company’s production volumes exceed certain threshold levels to be agreed upon. The Company will agree, beginning six months after the issue or restructuring date, to make quarterly principal amortization payments, based on a percentage of excess cash flows which is still being negotiated.

The parties intend to amend the maturity date, redemption and conversion provisions of the Notes and the existing Indenture. The new maturity date of the Notes will be July 13, 2013. The restructure contemplates the Noteholders will be granted a new put option, exercisable one year prior to the new maturity date. The conversion price of the Notes will be reduced to \$2.00 per share, subject to certain adjustment events, including events included in the original Indenture and the minimum conversion price will be reduced to a floor of \$1.00 per share. In the event of a change in control, the Noteholders will have an option to redeem their Notes at a price equal to 110% of the Notes or to convert their Notes to Company common stock. The Company will have the option to redeem the Notes in the event the closing market price for the Company's stock exceeds 200% of the then current conversion price.

It is contemplated the Company will agree to certain other changes to the terms of the Indenture. Once definitive documents are executed, the Noteholders will have the right to appoint one board member to the Company's board of directors, who will also sit on the compensation committee. The Noteholders will be granted certain registration, listing and tag along rights. The Company will agree to certain restrictions on incurring new indebtedness, uses of proceeds from any new debt or equity offerings, capital expenditures, dividends and other distributions, disposal of assets, investments and affiliate transactions and such other and customary covenants acceptable to the Noteholders. The Company will not adopt or amend any existing incentive plans or plan providing for payment in respect of severance, change in control or other extraordinary events or transactions until the Notes are repaid in full. The Company has agreed to maintain its NYSE Amex listing of its common stock.

In connection with the proposed restructuring of the Notes, the Company entered into a Supplemental Indenture No. 2 on September 10, 2010 with The Bank of New York Mellon as trustee for the Noteholders. Pursuant to the terms of the original Indenture, as amended by Supplemental Indenture No. 1, the Noteholders had the right to redeem the Notes at any time from June 13, 2010 to September 13, 2010. The parties entered into the Supplemental Indenture No. 2 that will allow additional time to negotiate definitive agreements regarding the proposed restructuring of the Notes. Supplemental Indenture No. 2 grants the Noteholders an additional right to require redemption of the Notes upon two days notice any time after September 13, 2010 but on or before December 31, 2010.

In exchange for the additional redemption right, the Noteholders separately agreed they will not exercise any redemption right prior to October 15, 2010, except in certain circumstances. The Noteholders also separately agreed to waive existing defaults under the Indenture until the earlier of October 15, 2010 or the date they may exercise the new redemption right.

For a more detailed description of the terms and conditions of Supplemental Indenture No. 2 and related information, please refer to the Current Report on Form 8-K of the Company filed with the United States Securities and Exchange Commission on September 13, 2010.

NYSE Amex has neither approved nor disapproved of the contents of this press release.

Contacts:

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This release contains “forward-looking” statements regarding the Company’s proposed restructuring of the Notes, including general terms and conditions contemplated to be a part thereof. This release also contains “forward-looking” statements regarding the Noteholders’ extended redemption rights. All such forward-looking statements are subject to future action by the Company and the Noteholders, of which there can be no assurance. Moreover, all forward-looking statements are not guarantees of future results or performance and involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in, or anticipated by, the forward-looking statements. Such forward-looking statements are made only as of the date of this release and the Company assumes no obligation to update forward-looking statements to reflect subsequent events or circumstances. Readers should not place undue reliance on these forward-looking statements.
