



**Zhaikmunai LP
(the “Company”)**

Operational Review for year ended 31st December, 2008

Douglas - 4 March 2009 - Zhaikmunai L.P. (LSE:ZKM) ('Zhaikmunai'), the oil and gas exploration, development and production company, today provides an update on its Kazakh operations for the second half and the full year ended 31 December, 2008.

Highlights

- * Full-year revenues up by 25 per cent to US\$136m due to higher average prices and slightly higher volumes
- * Second half revenues declined by 14%, affected by reduction in sales volumes and netback due to export duties
- * Chinarevskoye field back up to production of 8,500 bopdas oil treatment unit expansion was completed
- * Crude output up by 6 per cent for the year and 5 per cent for the second half
- * Eleven production wells now in operation
- * Completion of three important infrastructure projects
- * New and extended production and exploration licence granted

	FY08	FY07	% change	2H08	2H07	% change
Production (bbl)	1,859,504	1,760,486	+6%	981,535	938,312	+5%
Sales volume (bbl)	1,749,066	1,719,153	+2%	910,971	971,412	-6%
Netback price US\$/bbl	79.06	58.68	+35%	66.76	69.27	-4%
Revenue (US\$m)	135.8	108.5	+25%	58.9	68.6	-14%

Kai-Uwe Kessel, Chief Executive, said:

“We made significant progress in the second half of 2008 with the completion of three important infrastructure projects: the expanded oil treatment unit, the oil pipeline to Uralsk and the oil loading rail terminal. While we are still planning to maintain capital expenditure on our gas treatment unit, current market conditions and oil prices have led us to review capital expenditure for 2009. This has resulted in a temporary delay to some planned investment projects into 2010/11.”

Production and revenues were affected in the latter stages of 2008 after the introduction of export duties on crude sales. However, I am pleased to report that our operations have now returned to planned production and export levels following the abolition of the duties in January 2009.

Production

Second half 2008:

Production volumes for the second half of 2008 increased by 5% to 981,535 bbls, compared to 938,312 bbls for the second half of 2007. Oil production in the second half of the year was lower than expected as falling oil prices and necessary payments on crude oil transportation and export duty obliged the company to reduce crude output and exports by 50 per cent in November and to the minimum technically required level in December 2008. No crude oil was exported at all during December 2008 as the company was waiting for the export duty to be formally abolished, resulting in a temporary but significant increase of oil on storage.

Following the abolition of the export duty in January 2009, the field is now producing 8,500 bopd and achieving targeted export volumes. Daily production capacity increased significantly, helped by the completion of the oil treatment unit, reaching 8,500 bopd at the end of December 2008, compared to an average of 5,067 barrels per day in 2007.

By the end of December 2008 we had added four producing wells bringing the number of wells in production to 11 in total.

Full year 2008:

The production volume for the full year 2008 grew by 6% to 1,859.504 bbls, compared to 1,760.486 bbls for the full year 2007

Revenues

Second half 2008:

Revenues from oil sales for the second half of 2008 were US\$58.9 million (US\$68.6 million), down 14% compared to the second half of 2007. Sales volumes for the second half of 2008 were 910,971 bbls, down 6% from 971,412 bbls in the corresponding period.

Full year 2008:

Revenues from oil sales for the full year 2008 were US\$135.8 million (2007: \$108.5 million), up 25% compared to the full year 2007. Sales volumes for the full year 2008 were 1,749,066 bbls, up 2% from 1,719,153 bbls for the full year 2007.

Net price received

Second half 2008:

The weighted average Brent crude oil price on which Zhaikmunai based its sales for the second half of 2008 was US\$84.5/bbl versus US\$81.8/bbl for the second half of 2007.

The discount, accounting for the trader's costs and fee, was US\$17.74/bbl for the second half of 2008 (versus US\$12.53/bbl for the same period of 2007).

Accordingly, the average netback for crude oil export sales during the second half of 2008 was US\$66.76/bbl (versus US\$69.27/bbl for the same period of 2007).

Full year 2008:

The weighted average Brent crude oil price on which Zhaikmunai based its sales for the full year 2008 was US\$96.8/bbl versus US\$72.4/bbl for the full year 2007.

The discount, accounting for the trader's costs and fee, was US\$17.74/bbl for the full year 2008 (versus US\$13.72/bbl for the full year 2007).

Accordingly, the average netback for crude oil export sales during the full year 2008 was US\$79.06/bbl (versus US\$58.68/bbl for the full year 2007).

Marketing

The total revenues in 2008 of US\$135.8 million were made up from US\$127.6 million in export sales and US\$8.2 million in domestic sales. Of the total sales volume of 1,749,066 bbls, 87% was exported and 13% was sold domestically. The decline in oil prices and the high level of export duty in November and

December made it uneconomical to export crude. Consequently, during these months, the company sold most of its output domestically.

Drilling

Throughout most of the second half of 2008 the company operated four heavy drilling rigs. This was reduced to three in December, at the end of which, two Saipem rigs were drilling wells number 63 and 65, while one UNGG rig had completed well 115.

During the second half of 2008 the company employed three work-over rigs. Work-over operations have been going on for wells 27,31,32,33,57 and 62.

A rig from KazBurgaz is employed for drilling water wells that will be part of the reservoir pressure maintenance system.

Exploration

At the end of 2008, Zhaikmunai received an extension of its production and exploration licences. The new production permit is valid for all horizons and oil or gas-condensate bearing reservoirs and now covers 185 square kilometres of the licence area - more than three times the size of the previous production permit for the North Eastern Tournasian reservoir. The permit thus covers 98% of all reserves reported by Ryder Scott as of July 1, 2008.

The new exploration permit covers the remaining 89 square kilometres of the licence area.

Capex

Total capital expenditure (on a cash basis) in the second half of 2008 amounted to US\$142 million compared to US\$118 million for the second half of 2007.

Total capital expenditure (on a cash basis) for the full year 2008 amounted to US\$232.8m, a 34 per cent increase on the US\$173.1m spent the previous year.

Gas Treatment Plant

The contract for the gas treatment plant was signed with KazStroyService on 10 August 2007. During the year we made satisfactory progress on the construction of the plant which is being manufactured in Dubai, while the general contractor has started ground preparatory works at the field site in Uralsk.

Engineering

Finished projects:

- * Expansion of the oil treatment unit to a capacity of 0.4 million ton per annum;
- * Oil pipeline (from the field to the city of Uralsk) was technically completed and is presently being commissioned. The pipeline was filled with crude oil early January and is presently fully operational;
- * Oil loading rail terminal was also technically completed and is presently being commissioned. The terminal began operations in mid- January 2009. Trucking of crude from the field site to the Zhaiktrans terminal is no longer necessary and has thus stopped.

Work in progress

- * Gas pipeline (from the field to the Intergas Central Asia Gas pipeline);
- * Gas Treatment Unit (phase1: train 1 and train 2);
- * Construction of a reservoir pressure maintenance system;
- * Construction of a 90-apartment residential building in the city of Uralsk.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

About Zhaikmunai

Zhaikmunai L.P. is an oil and gas exploration, development and production company, quoted on the London Stock exchanges (Ticker symbol: ZKM). Its principal producing asset is the Chinarevskoye field located in North western Kazakhstan.

Zhaikmunai (Kazakhstan) L.L.P., a wholly owned subsidiary of Zhaikmunai LP, holds 100% interest in and is the operator of the Production Sharing Agreement for the Chinarevskoye Field.



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