

Zhaikmunai L.P.
(the "Partnership")

GAS TREATMENT FACILITY UPDATE AND Q4 REVIEW

Zhaikmunai LP (LSE: ZKM), the oil and gas exploration and production business with assets in north-western Kazakhstan, today provides an operational update on its Gas Treatment Facility (GTF) as well as a specific review for the period from 30 September to 31 December 2010.

Gas Treatment Facility (GTF) Update

- Test production of condensate from the Gas Treatment Facility (GTF) has started and Zhaikmunai expects that commercial production from the first train of the GTF will commence within the next two weeks. This represents a delay of approximately 2 months compared to management's initial expectations, as expressed in the Company's press release of 16 December 2010;
- Concurrently, Zhaikmunai's contractors, KasStroyService and Exterran, are pursuing commissioning and final operational testing of the GTF;
- This test production follows mechanical completion of the Gas Treatment Facility (GTF) and the delivery of the "Act of Acceptance of a Completed Facility" for the GTF by the State Acceptance Commission;
- Zhaikmunai has agreed on terms for the offtake of all of its 2011 gas production from the GTF. While the details of such terms are confidential, Zhaikmunai can confirm that they reflect terms and conditions generally applicable in the market and are in line with management's expectations. The gas sales contract incorporating these terms will be exchanged on the date commercial production commences.

Q4 Review and Financial Highlights

- Revenues were US\$50.38 million, an increase of 39% compared with Q4 2009;
- The Partnership's 100% subsidiary Zhaikmunai Finance B.V. has completed a successful \$450 million bond offering, which allowed the Partnership's 100% operating subsidiary Zhaikmunai LLP ("Zhaikmunai" or "the Company") to repay its bank debt in full.

Commenting on the results for the period, Kai Uwe Kessel, Chief Executive of Zhaikmunai, said:

"The last quarter of 2010 has seen Zhaikmunai fulfil some key strategic objectives. On the production side, the mechanical completion of the GTF and the ensuing State Acceptance Act open the way for achieving our planned production profiles in 2011. On the financing side, a subsidiary of the Partnership successfully issued a \$450 million bond, which allowed for the repayment of Zhaikmunai's outstanding syndicated loan. These important milestones reinforce our long-term positioning as a reliable oil and gas player into the future."

Fourth Quarter Summary

All figures in US\$ millions unless otherwise stated

	Q4 2010	Q4 2009	Change YoY
Revenues from oil sales	50.38	36.17	+39.3%
Production (bopd)	7,536	7,559	- 0.3%
Average realised oil price (US\$ per bbl)	86.70	75.59	+14.7%
Discount @ FCA Uralsk (US\$ per bbl)	13.63	15.02	-9.3%
Weighted average netback (US\$ per bbl)	73.07	60.57	+20.6%

Full Year 2010 Summary

All figures in US\$ millions unless otherwise stated

	2010	2009	Change YoY
Revenues from oil sales	178.16	116.03	+53.5%
Production (bopd)	7,752	7,442	+4.2%
Average realised oil price (US\$ per bbl)	80.15	62.02	+29.2%
Discount @ FCA Uralsk (US\$ per bbl)	14.01	15.21	-7.9%
Weighted average netback (US\$ per bbl)	66.14	46.81	+41.3%

Revenue

Revenues from oil sales for the fourth quarter of 2010 were US\$50.38 million (Q4 2009: US\$36.17 million), up 39% from the fourth quarter in 2009 due mainly to higher sales volumes and higher realised oil prices. Sales volumes for the fourth quarter of 2010 were 671,019 bbls (Q4 2009: 726,281bbls), up 12% from the fourth quarter in 2009.

Revenues from oil sales for the full year 2010 were US\$178.16 million (2009: US\$116.03 million), up 54% from the full year 2009. Sales volumes for the full year 2010 were 2,634,553 bbls (2009: 2,675,505 bbls), down 2% from the full year 2009.

Part of the revenue increase is due to the fact that during the second half of the year the delivery terms of Zhaikmunai's sales contracts changed. The point of sale was changed from FCA (Uralsk) to DAF (Ukrainian Border) and FOB (Black Sea).

Netback

The weighted average Brent crude oil price, on which Zhaikmunai bases its sales, for the fourth quarter of 2010 was US\$86.70/bbl versus US\$75.59/bbl for the fourth quarter of 2009. The discount, accounting for the trader's costs and fees calculated at FCA Uralsk, for the period was US\$13.63/bbl (versus US\$15.02/bbl in Q4 2009).

The weighted average Brent crude oil price for the full year 2010 was US\$80.15/bbl versus US\$62.02/bbl for the full year 2009. The discount, accounting for the trader's costs and fees calculated at FCA Uralsk, for the full year 2010 was US\$14.01/bbl (versus US\$15.21/bbl for the full year 2009).

Production

Zhaikmunai achieved production volumes of 693,772 bbls in the fourth quarter of 2010, relatively unchanged from 695,712 bbls in the equivalent period in 2009. Average daily production during Q4 stood at 7,536 barrels per day (comparable to the average of 7,559 barrels per day in Q4 2009).

The production ramp-up, which is linked to the GTF coming on-line, has been slightly shifted from the fourth quarter of 2010 to the first quarter of 2011 due to construction delays.

Total production volume for oil and condensate for the full year 2010 was 2,829,764 bbls (2009: 2,697,980 bbls), up 4.9% from the full year 2009.

Engineering and Construction

During the fourth quarter, all of Zhaikmunai's ancillary infrastructure projects related to GTF operations have been completed. These included the following:

- a gas pipeline and a gas metering station measuring amounts of gas delivered from the Chinarevskoye Field to the Orenburg-Novoposkov gas pipeline have been completed ;
- the flow lines from the gas condensate wells to the GTU have been laid and pressure tested. The gas condensate wells have been connected to the manifold at the Gas Treatment Unit site;
- additional storage facilities have been erected at the field site (3x5000m³) and at the rail terminal (2x5000m³) to increase the overall storage capacity and to allow for separate storage of oil and condensate.

Drilling

At the end of December 2010, the Company was employing three heavy drilling rigs: one from Saipem and two from local drilling contractor UNGG. During the last quarter of 2010, the Saipem rig was drilling Well 213, which was completed in early February 2011. One UNGG rig was drilling Well 57, which was completed in early January 2011, and the second UNGG rig spudded new exploration/appraisal Well 45 on the 7th of December 2010.

[Here](#) you can download the pdf-file from this press release.

Further enquiries

Zhaikmunai LP
Bruno Meere, Investor Relations Officer
investor_relations@zhaikmunai.com +44 (0) 1624 68 21 79

Pelham Bell Pottinger
Philip Dennis
Elena Dobson +44 (0) 20 7861 3232

About Zhaikmunai

Zhaikmunai is an independent oil and gas enterprise currently engaging in the exploration and development and production of oil and gas. It is listed on the London Stock Exchange (Ticker symbol: ZKM). Its principal producing asset is the Chinarevskoye Field located in north-western Kazakhstan. Zhaikmunai L.L.P., a wholly-owned subsidiary of Zhaikmunai L.P., holds a 100% interest in and is the operator of the Production Sharing Agreement for the Chinarevskoye Field.

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.