MMEX Resources Corp
Form 10-Q
March 28, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT O SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 2017

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to _____________.

Commission file number: 333-152608

MMEX RESOURCES CORPORATION

(Exact name of Issuer as specified in its charter)

Nevada	**26-1749145**
	(I.R.S. Employer Identification No.)

(State or other Jurisdiction of Incorporation or Organization)

3616 Far West Blvd. #117-321

Austin, Texas 78731
(Address of principal executive offices, including zip code)

855-880-0400
(Issuer's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ¨ No x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer (Do not check if a smaller reporting company)	¨	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ¨ No ¨

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of March 28, 2017 there were 2,479,282,834 shares of common stock, $0.001 par value, issued and outstanding.

MMEX RESOURCES CORPORATION

TABLE OF CONTENTS

QUARTER ENDED JANUARY 31, 2017

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

The accompanying condensed consolidated financial statements of MMEX Resources Corporation and subsidiaries (the "Company") are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions for Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the condensed consolidated financial statements contain all material adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial condition, results of operations, and cash flows of the Company for the interim periods presented.

Operating results and cash flows for any interim period are not necessarily indicative of the results that may be expected for other interim periods or the full fiscal year. These condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the year ended April 30, 2016 filed with the Securities and Exchange Commission ("SEC").

Table of Contents

MMEX RESOURCES CORPORATION

Condensed Consolidated Balance Sheets

		January 31, 2017 (Unaudited)		April 30, 2016
Assets				
Current assets:				
Cash	$	82	$	1,030
Total current assets		82		1,030
Property and equipment, net		-		386
Total assets	$	82	$	1,416
Liabilities and Stockholders' Deficit				
Current liabilities:				
Accounts payable	$	659,640	$	651,188
Accounts payable – related party		9,010		-
Accrued expenses		877,801		984,387
Accrued expenses – related party		69,108		64,420
Notes payable, currently in default		375,000		375,000
Convertible notes payable, currently in default, net of discount of $2,594 and $0 at January 31, 2017 and April 30, 2016, respectively		221,089		195,001
Convertible preferred stock, currently in default		137,500		137,500
Derivative liabilities		48,062		395,619
Total current liabilities		2,397,210		2,803,115
Commitments and contingencies				
Stockholders' deficit:				
Common stock; $0.001 par value, 3,000,000,000 shares authorized, 911,923,522 and 180,432,013 shares issued and outstanding at January 31, 2017 and April 30, 2016, respectively		911,924		180,434
Common stock payable		291,668		3,395,483
Additional paid-in capital		26,830,796		24,154,130
Non-controlling interest		(377,989)		(376,619)
Accumulated (deficit)		(30,053,527)		(30,155,127)
Total stockholders' deficit		(2,397,128)		(2,801,699)
Total liabilities and stockholders' deficit	$	82	$	1,416

See accompanying notes to condensed consolidated financial statements.

4

Table of Contents

MMEX RESOURCES CORPORATION

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended January 31, 2017	Three Months Ended January 31, 2016	Nine Months Ended January 31, 2017	Nine Months Ended January 31, 2016
Revenues	$ -	$ -	$ -	$ -
Operating expenses:				
General and administrative expenses	21,759	60,525	148,000	194,612
Depreciation and amortization	-	363	386	1,624
Total operating expenses	21,759	60,888	148,386	196,236
Loss from operations	(21,759)	(60,888)	(148,386)	(196,236)
Other income (expense):				
Interest expense	(97,436)	(36,169)	(214,375)	(493,166)
Gain (loss) on derivative liabilities	222,080	1,026,919	255,188	(247,849)
Gain (loss) on extinguishment of liabilities	207,803	-	207,803	(1,365,521)
Total other income (expense)	332,447	990,750	248,616	(2,106,536)
Income (loss) before income taxes	310,688	929,862	100,230	(2,302,772)
Provision for income taxes	-	-	-	-
Net income (loss)	310,688	929,862	100,230	(2,302,772)
Non-controlling interest in loss of consolidated subsidiaries	455	460	1,370	1,384
Net income (loss) attributable to the Company	$ 311,143	$ 930,322	$ 101,600	$ (2,301,388)
Weighted average number of common shares outstanding Basic	579,136,120	167,031,611	442,361,280	93,789,412
Diluted	636,500,120	167,051,758	449,531,780	93,789,412
	$ 0.00	$ 0.01	$ 0.00	$ (0.02)

Net income (loss) per common share - basic and diluted	

See accompanying notes to condensed consolidated financial statements.

5

Table of Contents

MMEX RESOURCES CORPORATION

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended January 31, 2017	Nine Months Ended January 31, 2016
Cash flows from operating activities:		
Net income (loss) attributable to the Company	$ 101,600	$ (2,301,388)
Non-controlling interest in loss of consolidated subsidiaries	(1,370)	(1,384)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	386	1,624
Stock-based compensation	47,254	-
(Gain) loss on derivative liabilities	(255,188)	247,849
(Gain) loss on extinguishment of liabilities	(207,803)	1,365,521
Amortization of debt discount	61,320	375,617
Amortization of deferred loan costs	-	8,822
Increase (decrease) in liabilities:		
Accounts payable	23,187	2,515
Accrued expenses	106,321	229,279
Net cash used in operating activities	(124,293)	(71,545)
Cash flows from investing activities:		
Decrease in deposits	-	10,000
Net cash provided by investing activities	-	10,000
Cash flows from financing activities:		
Proceeds from common stock payable	37,563	65,000
Proceeds from issuance of common stock	1,000	-
Proceeds from convertible notes payable	84,782	-
Net cash provided by financing activities	123,345	65,000
Net increase (decrease) in cash	(948)	3,455
Cash at the beginning of the period	1,030	141
Cash at the end of the period	$ 82	$ 3,596
Supplemental disclosure:		
Interest paid	$ -	$ -
Income taxes paid	-	-
Common stock for common stock payable	236,783	-
Additional paid-in capital for common stock payable	2,827,549	-
Notes payable converted to common stock	56,100	
Derivative liabilities converted to common stock	156,283	

Common stock payable contributed to capital	90,000	
Derivative liabilities for debt discount	63,914	
Common stock for accounts payable	5,725	
Common stock for accrued expenses	208,219	
Adjustment to common stock and additional paid-in capital	-	(39)
Accrued expenses contributed to capital	-	2,063,468
Preferred stock and accrued dividends converted to common stock payable	-	(1,410,685)
Notes payable converted to common stock payable	-	1,950,000
Notes payable – related party contributed to capital	-	149,253

See accompanying notes to condensed consolidated financial statements.

Table of Contents

MMEX RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

Nine Months Ended January 31, 2017
(Unaudited)

NOTE 1 – BACKGROUND, ORGANIZATION AND BASIS OF PRESENTATION

MMEX Resources Corporation (the “Company” or “MMEX”) was formed in the State of Nevada on May 19, 2005 as Inkie Entertainment Group, Inc. Subsequently, the Company amended its articles of incorporation to change its name to MMEX Resources Corporation and to authorize the Company to issue up to 3,000,000,000 common shares and 10,000,000 preferred shares. The changes in the number of authorized shares of the Company have been given retroactive effect in the accompanying consolidated financial statements.

The Board of Directors of the Company has decided to focus efforts on the oil, gas, refining and electric power business in the United States and Latin America.

The accompanying condensed consolidated financial statements include the accounts of the following entities, all of which the Company maintains control through a majority ownership:

Name of Entity	**%**	**Form of Entity**	**State of Incorporation**	**Relationship**
MMEX Resources Corporation (“MMEX”)	-	Corporation	Nevada	Parent
MCC Merger, Inc. (“MCCM”)	100%	Corporation	Delaware	Holding Subsidiary
Maple Carpenter Creek Holdings, Inc. (“MCCH”)	100%	Corporation	Delaware	Subsidiary
Maple Carpenter Creek, LLC (“MCC”)	80%	LLC	Nevada	Subsidiary
Carpenter Creek, LLC (“CC”)	95%	LLC	Delaware	Subsidiary
Armadillo Holdings Group Corp. (“AHGC”)	100%	Corporation	British Virgin Isles	Subsidiary
Armadillo Mining Corp. (“AMC”)	98.6%	Corporation	British Virgin Isles	Subsidiary

As of April 13, 2016, the Company assigned AMC to an irrevocable trust (the “Trust”), whose beneficiaries are the existing shareholders of MMEX. The accounts of AMC are included in the consolidated financial statements due to the common ownership. AMC through the Trust controls the Hunza coal interest previously owned by the Company.

On September 1, 2016, the Company entered into a stock assignment agreement with LatAm Services, LLC (“LatAm”) pursuant to which it assigned MCCH to LatAm. With the assignment of MCCH to LatAm, the Company has exited the Hunza coal project to focus on energy related projects under its new business plan.

All significant inter-company transactions have been eliminated in the preparation of the consolidated financial statements.

These financial statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for a fair presentation of the information contained therein.

The Company has adopted a fiscal year end of April 30.

Table of Contents

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are described in our Annual Report on Form 10-K for the year ended April 30, 2016 filed with the SEC on January 13, 2017.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Derivative liabilities

In a series of subscription agreements, we have issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We have also identified the conversion feature of one of our convertible notes payable as a derivative. We estimate the fair value of the derivatives using the Black-Scholes option pricing model and multinomial lattice models that value the warrants based on a probability weighted cash flow model using projections of the various potential outcomes. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price volatility and management's estimates of various potential equity financing transactions. These inputs are subject to significant changes from period to period and to management's judgment; therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material.

Fair value of financial instruments

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures,* and ASC 825, *Financial Instruments,* the FASB establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable, accrued expenses and notes reported on the accompanying consolidated balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value using a hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy prioritized the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Table of Contents

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in markets that are not active.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Our derivative liabilities are measured at fair value on a recurring basis and estimated as follows:

January 31, 2017	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivative liabilities	$ 48,062	$ -	$ -	$ 48,062

April 30, 2016	**Total**	**Level 1**	**Level 2**	**Level 3**
Derivative liabilities	$ 395,619	$ -	$ -	$ 395,619

Basic and diluted loss per share

Basic net income or loss per share is calculated by dividing net income or loss (available to common stockholders) by the weighted average number of common shares outstanding for the period. Diluted income or loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, warrants, convertible debt and convertible preferred stock, were exercised or converted into common stock. For the three months ended January 31, 2017 and 2016 and the nine months ended January 31, 2017, potential dilutive securities included 57,364,000, 20,147 and 7,170,500 shares issuable for in-the-money warrants and shares issuable for convertible debt, respectively, using the treasury stock method. For the nine months ended January 31, and 2016, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share; therefore, basic net loss per share is the same as diluted net loss per share.

Issuance of shares for non-cash consideration

The Company accounts for the issuance of equity instruments to acquire goods and/or services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably determinable. The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of the standards issued by the FASB. The measurement date for the fair value of the equity instruments issued is determined as the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Reclassifications

Certain amounts in the consolidated financial statements for prior year periods have been reclassified to conform with the current year periods presentation.

Table of Contents

Recently Issued Accounting Pronouncements

In January 2017, the FASB issued Accounting Standards Update ("ASU") No. 2017-4, "Intangibles – Goodwill and Other (Topic 350): "Simplifying the Test for Goodwill Impairment." This update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Instead, under the amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. An entity should apply the amendments in this update on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. That disclosure should be provided in the first annual period and in the interim period within the first annual period when the entity initially adopts the amendments in this update. A public business entity that is an SEC filer should adopt the amendments in this Update for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

In January 2017, the FASB issued ASU No. 2017-1, "Business Combinations (Topic 805): Clarifying the Definition of a Business." The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The amendments of this ASU are effective for public business entities for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The amendments in this Update are to be applied prospectively on or after the effective date. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

In October 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-17, "Consolidation (Topic 810): Interests Held Through Related Parties That are Under Common Control." This update amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity ("VIE") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The primary beneficiary of a VIE is the reporting entity that has a controlling financial interest in a VIE and, therefore, consolidates the VIE. A reporting entity has an indirect interest in a VIE if it has a direct interest in a related party that, in turn, has a direct interest in the VIE. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.” This ASU addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

Table of Contents

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its consolidated financial position or results of operations.

NOTE 3 – GOING CONCERN

Our financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. We have incurred continuous losses from operations, have an accumulated deficit of $30,053,527 and a total stockholders' deficit of $2,397,128 at January 31, 2017, and have reported negative cash flows from operations since inception. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months, and we expect to have ongoing requirements for capital investment to implement our business plan. Finally, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

Since inception, our operations have primarily been funded through private debt and equity financing, as well as capital contributions by our subsidiaries' partners, and we expect to continue to seek additional funding through private or public equity and debt financing.

Our ability to continue as a going concern is dependent on our ability to generate sufficient cash from operations to meet our cash needs and/or to raise funds to finance ongoing operations and repay debt. However, there can be no assurance that we will be successful in our efforts to raise additional debt or equity capital and/or that our cash generated by our operations will be adequate to meet our needs. These factors, among others, indicate that we may be unable to continue as a going concern for a reasonable period of time.

The financial statements do not include any adjustments that might result from the outcome of any uncertainty as to the Company's ability to continue as a going concern. The financial statements also do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classifications of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the past few years, Tydus Richards, the former Chairman of our board of directors and shareholder, made certain payments on behalf of the Company. The Company has partially reimbursed Mr. Richards for these advances. As of January 31, 2017 and April 30, 2016, a remaining balance payable of $31,633 is included in accrued expenses – related party.

On October 9, 2014, convertible notes payable in default to an accredited investor of $1,650,000, $120,000 and $180,000 were assigned to The Maple Gas Corporation, a related party owned by Mr. Jack W. Hanks, a director and officer of the Company. On May 8, 2015, The Maple Gas Corporation converted the notes into 194,999,999 common shares of the Company at $0.01 per share, which resulted in a loss on extinguishment of debt of $975,000. The issuance of the common shares to Maple Structure Holdings was approved by the Company's Board of Directors Resolution dated May 18, 2015, and the shares were issued on May 2, 2016. At April 30, 2016, common stock payable included an obligation of $2,925,000 for the issuance of the shares.

Table of Contents

Accounts payable to related parties, comprised of amounts payable to The Maple Gas Corporation, totaled $9,010 and $0 at January 31, 2017 and April 30, 2016, respectively.

Accrued expenses (see Note 6) to related parties totaled $69,108 and $64,420 as of January 31, 2017 and April 30, 2016, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

	January 31, 2017	April 30, 2016
Computer software and hardware	$ 25,023	$ 25,023
Less accumulated depreciation and amortization	(25,023)	(24,637)
	$ -	$ 386

Depreciation and amortization expense totaled $0 and $363 for the three months ended January 31, 2017 and 2016, respectively, and $386 and $1,624 for the nine months ended January 31, 2017 and 2016, respectively.

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consisted of the following at:

	January 31, 2017	April 30, 2016
Accrued payroll	$ 30,090	$ 240,309
Accrued consulting	75,633	75,633
Accrued interest	778,645	670,324
Other	62,541	62,541

	$	946,909	$	1,048,807

12

Table of Contents

NOTE 7 – NOTES PAYABLE

Notes payable, currently in default, consist of the following at:

	January 31, 2017	April 30, 2016
Note payable to an unrelated party, maturing July 15, 2010, with interest at 10%	$ 300,000	$ 300,000
Note payable to an unrelated party, maturing December 31, 2010, with interest at 10%	25,000	25,000
Note payable to an unrelated party, maturing January 27, 2012, with interest at 25%	50,000	50,000
	$ 375,000	$ 375,000

Accrued interest payable on notes payable, currently in default, totaled $307,415 and $276,477 at January 31, 2017 and April 30, 2016, respectively.

Convertible notes payable, currently in default, consist of the following at:

	January 31, 2017	April 30, 2016
Note payable to an accredited investor, maturing March 1, 2013, with interest at 1.87% per month, secured with 900,000 common shares of the Company owned by the president and CEO of the Company	$ 120,000	$ 120,000
Note payable to an unrelated party, maturing March 18, 2014, with interest at 10%	75,001	75,001
Note payable pursuant to Settlement Agreement, non-interest bearing, repaid in March 2017 (Note 13), net of discount of $2,594	26,088	-

Total	$	221,089	$	195,001

Accrued interest payable on convertible notes payable, currently in default, totaled $137,879 and $112,058 at January 31, 2017 and April 30, 2016, respectively.

On January 2, 2013, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $120,000 note in a private placement transaction. The note was due and payable on March 1, 2013, is currently in default and carries a monthly interest rate of 1.87%. The note purchase agreement included the issuance of 300,000 shares of the Company’s common stock. The note is secured with 900,000 shares of the Company’s common stock owned by Jack W. Hanks, the Company’s President and CEO. The 300,000 shares were valued at $0.10 per share, the closing price of the Company’s common stock on January 2, 2013, and recorded as a $30,000 increase to debt discount and an increase to common stock payable.

The Company allocated the proceeds from the issuance of the notes to the warrants when applicable and to the notes based on their estimated fair market values at the date of issuance using the Black-Scholes option pricing model. The debt discount resulting from interest and the value of warrants computed at the inception of the notes payable was amortized as additional interest expense over the term of the notes.

Table of Contents

On October 28, 2016, the Company entered into a Settlement Agreement and Stipulation (the "Settlement Agreement") with Rockwell Capital Partners, Inc. ("RCP"). Pursuant to the Settlement Agreement, as amended, RCP has purchased certain outstanding payables between the Company and designated vendors totaling $84,782 (the "Payables" or "Claims") and will exchange the portion of such Payables assigned for a Settlement Amount payable in common shares of the Company.

In settlement of the Claims, the Company shall issue and deliver to RCP, in one or more tranches as necessary, shares of the Company's common stock ("Common Stock"), subject to adjustment and ownership limitations as set forth in the Settlement Agreement, sufficient to satisfy the Claims amount at a 50% discount to market based on the market price during the valuation period as defined in the Settlement Agreement. We identified this conversion feature as a derivative and have estimated the fair value of the derivative using the Black-Scholes option pricing model. The Company also issued 7,000,000 shares of Common Stock as a settlement fee on October 31, 2016.

On October 28, 2016, a circuit court in Florida issued an order confirming the fairness of the terms of the Settlement Agreement within the meaning of exemption from registration provided by Section 3(a) (10) of the Securities Act of 1933.

The Company's creditors received a total of $84,782 pursuant to the Settlement Agreement, and through January 31, 2017, the Company issued to RCP a total of 452,000,000 shares of the Company's common stock in conversion of $56,100 note principal.

Subsequent to January 31, 2017, the Settlement Agreement was terminated (see Note 13).

NOTE 8 – CONVERTIBLE PREFERRED STOCK

Convertible Preferred Stock, Currently in Default

On June 30, 2011, the Company issued 360,000 shares of Armadillo Mining Corporation Preferred Stock to five unrelated parties in exchange for an investment of $360,000. The Preferred Stock carry a 25% cumulative dividend and have a mandatory redemption feature on December 31, 2011 at a price of $1.25 per share. In addition, the Company issued 360,000 warrants to purchase shares of the Company's common stock at an exercise price of $0.60 per share on or before three years from the repayment or conversion date.

On January 6, 2012, three unrelated parties converted their Preferred Stock and accrued dividends of $312,500 into 2,983,293 shares of the Company's common stock at a price of $.10475 per share. As the conversion took place at below the market price and not within the terms of the agreement on the date of conversion, a loss of $75,328 was recorded. As of January 31, 2017 and April 30, 2016, the remaining face value of the Preferred Stock was $137,500. Accrued dividends on the Preferred Stock totaled $333,351 and $281,789 as of January 31, 2017 and April 30, 2016, respectively.

The Company recorded interest expense, which included amortization of debt discount on certain debt in prior years, totaling $36,118 and $36,169 for the three months ended January 31, 2017, respectively, and $153,055 and $493,166 for the nine months ended January 31, 2017 and 2016, respectively.

Table of Contents

NOTE 9 – DERIVATIVE LIABILITIES

In a series of subscription agreements, we have issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We have also identified the variable conversion price feature of our convertible note payable issued in the Settlement Agreement as a derivative.

During the nine months ended January 31, 2017, we had the following activity in our derivative liabilities:

Balance, April 30, 2016	$ 395,619
Derivative liabilities recorded as debt discount	63,914
Debt conversions	(156,283)
Change in fair value of derivative liabilities	(255,188)
Balance, January 31, 2017	$ 48,062

The Company calculated the fair value of the derivatives associated with warrants using a multinomial lattice model simulation. The model is based on a probability weighted discounted cash flow model using projections of the various potential outcomes.

Key inputs and assumptions used in valuing the Company's derivative liabilities are as follows for issuances of warrants:

· Stock prices on all measurement dates were based on the fair market value

We calculated the fair value of the derivatives associated with the Settlement Agreement using the Black-Scholes option pricing model. Key inputs and assumptions in valuing the Company's derivative liabilities are as follows for convertible note payable:

· Stock prices on all measurement dates were based on the fair market value

These inputs are subject to significant changes from period to period and to management's judgment; therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material.

Table of Contents

NOTE 10 – STOCKHOLDERS' DEFICIT

Authorized Shares

As of April 6, 2016, the Company amended its articles of incorporation to increase its authorized shares to 1,000,000,000 common shares and 10,000,000 preferred shares, and as of November 29, 2016, increased its authorized common shares to 3,000,000,000 shares. The increase in authorized shares has been given retroactive effect in the accompanying condensed consolidated financial statements for all periods presented.

Stock Issuances

During the nine months ended January 31, 2017, the Company issued a total of 731,491,509 shares of its common stock: 194,999,999 shares in conversion of notes payable in default of $2,925,000; 41,784,320 shares in a private placement for $118,230 cash and $60,000 in services; 7,000,000 shares as a fee valued at $34,300 and 452,000,000 shares in conversion of $56,100 note principal pursuant to the Settlement Agreement (Note 7) and $156,283 in associated derivative liabilities; 5,000,000 shares for cash of $1,000, 2,082,190 shares in settlement of accrued expenses of $208,219 and 28,625,000 shares in payment of accounts payable for services of $5,725.

On May 2, 2016, the Company issued 194,999,999 shares of its common stock to a related party pursuant to the conversion of notes payable in default (see Note 4), reducing stock subscriptions payable by $2,925,000.

The Company initiated in fiscal year 2016 a private placement to qualified investors for cash and services. A total of $118,230 cash and $60,000 in services was received, including $49,200 cash from related parties, for a total of 41,784,320 common shares of the Company and a total of 43,025,313 warrants. The warrants entitle the investors to purchase common shares at exercise prices of $0.0001 and $0.01 per share through March 1, 2022. Of the common shares issued, 1,096,397 shares were issued in July 2016, 27,740,423 shares were issued in December 2016 and 12,947,500 shares were issued in January 2017.

On October 31, 2016, the Company issued 7,000,000 shares of its common stock as a fee valued at $34,300 to an institution lender pursuant to a Settlement Agreement (see Note 7). During November 2016 through January 31, 2017, the Company issued the lender a total of 452,000,000 shares of the Company's common stock in conversion of $56,100 note principal.

On January 19, 2017, the Company issued 5,000,000 shares of its common stock to an investor for $1,000 cash.

On January 24, 2017, the Company entered into an agreement with a former employee to issue 2,082,190 shares of the Company's common stock in settlement of accrued salaries of $208,219, and recognized a gain on extinguishment of liabilities of $207,803.

On January 24, 2017, the Company issued 28,625,000 shares of its common stock to a consultant in payment of services valued at $5,725.

Stock Options

On March 7, 2012, the Company issued a total of 2,000,000 stock options exercisable at $0.35 per share for a period of ten years from the date of grant. The Company did not grant any stock options during the nine months ended January 31, 2017.

Table of Contents

A summary of stock option activity during the nine months ended January 31, 2017 is presented below:

	Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life (Years)
Outstanding, April 30, 2016	2,000,000	$	0.35	5.85
Granted	-		-	
Canceled / Expired	-		-	
Exercised	-		-	
Outstanding, January 31, 2017	2,000,000	$	0.35	5.10

The Company uses the Black-Scholes option pricing model to estimate the grant date fair value of its stock options, which value is amortized to stock-based compensation expense over the vesting period of the options. No stock-based compensation expense was recorded during the three months and nine months ended January 31, 2017 and 2016 related to stock option grants. There was no unrecognized stock option expense at January 31, 2017.

Warrants

The Company has issued warrants to qualified investors in a private placement, for debt discounts or other stock-based compensation. These warrants generally vest upon grant and are valued using the Black-Scholes option pricing model or multinomial lattice models that value the warrants based on a probability weighted cash flow model using projections of the various potential outcomes.

A summary of warrant activity during the nine months ended January 31, 2017 is presented below:

Shares	Weighted	Weighted

			Average Exercise Price	Average Remaining Contractual Life (Years)
Outstanding, April 30, 2016	11,522,170	$	0.01	5.84
Granted	65,138,143	$	0.01	
Canceled / Expired	-		-	
Exercised	-		-	
Outstanding, January 31, 2017	76,660,313	$	0.01	5.04

Table of Contents

Common Stock Reserved

At January 31, 2017, 76,660,313 shares of the Company’s common stock were reserved for issuance of outstanding warrants.

NOTE 11 – NON-CONTROLLING INTERESTS

On September 23, 2010, the Company, through a reverse merger, acquired 100% of the outstanding shares of Maple Carpenter Creek Holdings, Inc., ("MCCH"), a holding Company, with an 80% interest in Maple Carpenter Creek, LLC ("MCC"), which in turn owned a 95% interest in the subsidiary, Carpenter Creek, LLC ("CC"), and a 98.12% interest in Armadillo Holdings Group Corp. ("AHGC"), which in turn owned an 80% interest in Armadillo Mining Corp. ("AMC"). The non-controlling interest of 1.88% in AHGC was acquired by MCCH on December 21, 2010 in exchange for 31,334 shares of the Company’s common stock resulting in 100% ownership of AHGC. On March 22, 2011, AHGC acquired 14.6% of AMC and on April 30, 2012, an additional 4% interest for a total of 98.6% based upon agreement with the minority interest holder to reduce their interest based upon proportionate share of additional capital contributed to AMC.

As of April 13, 2016, the Company assigned AMC to an irrevocable trust (the "Trust"), whose beneficiaries are the existing shareholders of MMEX. AMC through the Trust controls the Hunza coal interest previously owned by the Company.

On September 1, 2016, the Company entered into a stock assignment agreement with LatAm Services, LLC (“LatAm”), a related party, pursuant to which it assigned MCCH to LatAm. With the assignment of MCCH to LatAm, the Company has exited the Hunza coal project to focus on energy related projects under its new business plan.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Legal

There were no legal proceedings against the Company.

Operating Lease Commitments

The Company acquired the Bolzer Lease pursuant to a September 23, 2010 merger. Subsequently, notice of termination on this lease effective April 26, 2010 was provided by previous management. The Company has recorded an accrued expense for the minimum lease payment of $62,541 for the January 2010 payment.

NOTE 13 – SUBSEQUENT EVENTS

In accordance with ASC 855-10, all subsequent events have been reported through the filing date as set forth below.

Table of Contents

Refinery Transaction

On March 4, 2017, MMEX Resources Corporation (the “Company”) entered into an agreement with Maple Resources Corporation (“Maple”), a related party, to acquire all of Maple’s right, title and interest (the “Rights”) in plans to build a $450 million, 50,000 barrels per day capacity crude oil refinery in Pecos County, Texas (the “Refinery Transaction” or the “Project”). Pursuant to the Refinery Transaction, the Company agreed to acquire the Rights in exchange for the issuance of 7,000,000,000 new common shares (the “Purchased Shares”).

The Refinery Transaction provides for the Company to issue the Purchased Shares in two tranches, of which the First Tranche of 1,500,000,000 shares was issued on March 4, 2017. The Second Tranche of 5,500,000,000 shares is to be issued once the Company’s Articles of Incorporation are amended to increase the number of authorized shares of common stock, as more particularly described below. In addition, the Second Tranche amount of shares will be adjusted (up or down) subject to valuation of the Refinery Transaction by a third party outside consultant.

Completion of the Project is subject to the receipt of required governmental permits and completion of required debt and equity financing.

Amendment of Articles of Incorporation

On March 7, 2017, the holders of more than 50.1% of the outstanding shares of common stock of the Company executed their written consent in lieu of special meeting approving an amendment and restatement of the articles of incorporation to provide for an increase in the authorized shares of common stock from 3,000,000,000 to 10,000,000,000 shares. In addition, the articles of incorporation will be amended to provide for two classes of common shares: (i) Class A Shares, having one vote per share, and (ii) Class B Shares, with 10 votes per share. All of the currently outstanding shares of common stock will be reclassified as Class A Shares, except that all of the Purchased Shares issued or to be issued in the Refinery transaction will be Class B Shares. Other than the provisions of the voting rights, the two classes of shares of common stock will have equal terms and conditions. As of the date of filing of this report, these amendments to the articles of incorporation have not been filed.

Settlement Agreement

As discussed in Note 7, on October 28, 2016, the Company entered into a Settlement Agreement with RCP. Pursuant to the Settlement Agreement, as amended, RCP purchased a total of $84,782 outstanding payables from the Company for shares of common stock of the Company. During November 2016 through January 2017, we have issued a cumulative total of 452,000,000 common shares pursuant to the Settlement Agreement and, as of March 9, 2017, we issued an additional 37,000,000 common shares and have terminated any further obligation to issue shares. Our creditors will not receive further funding from the Settlement Agreement.

Other Common Shares Issued

Subsequent to January 31, 2017, the Company issued a total of 27,727,733 shares of its common stock to investors for cash of $15,500 and 2,631,579 shares of its common stock to a consultant for services valued at $9,737.

Table of Contents

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

The following discussion and analysis constitutes forward-looking statements for purposes of the Securities Act and the Exchange Act and as such involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. The words "expect", "estimate", "anticipate", "predict", "believes", "plan", "seek", "objective" and similar expressions are intended to identify forward-looking statements or elsewhere in this report. Important factors that could cause our actual results, performance or achievement to differ materially from our expectations are discussed in detail in Item 1 above. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by such factors. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Notwithstanding the foregoing, we are not entitled to rely on the safe harbor for forward looking statements under 27A of the Securities Act or 21E of the Exchange Act as long as our stock is classified as a penny stock within the meaning of Rule 3a51-1 of the Exchange Act. A penny stock is generally defined to be any equity security that has a market price (as defined in Rule 3a51-1) of less than $5.00 per share, subject to certain exceptions.

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements, including the notes thereto.

Overview

New Business Plan

The MMEX Board of Directors has made the decision to focus the Company efforts into the oil, gas, refining and electric power business in the U.S. and in Latin America. The principal reasons are the following:

- MMEX principal shareholders and directors are also principals in a privately held U.S. oil and gas company, Maple Resources Corporation ('Maple") based in Austin, Texas.
- The MMEX management team has over 30 years of experience in natural resource project development and project financing in North and South America and the U.K.
- MMEX directors and principal shareholders with oil, gas, refining and electric power experience will bring this expertise into the Company.

20

Table of Contents

Management Expertise in Oil, Gas, Refining and Electric Power Project Development and Project Finance Development

MMEX principals formed Maple Resources Corporation ("Maple Resources") in 1986. Maple Resources is a privately held corporation, registered in Delaware, with its principal operating offices in Austin, Texas. It is engaged in the evaluation, acquisition and development of oil & gas, refining, power generation, natural gas transmission and processing energy projects in the western United States and Latin America. Maple Resources was established in 1986 in Dallas, Texas USA. Maple Resources engaged in a number of oil and gas acquisitions and dispositions and ultimately acquired assets that included 10 gas processing plants and approximately 770 miles of natural gas gathering lines and transmission infrastructure. In 1992, Maple Resources Dallas sold substantially all of its existing US-based assets and began to pursue energy projects in Latin America. Maple Resources went to Peru in 1992 and managed its Peru business through The Maple Gas Corporation del Peru Ltd ("Maple Peru"). In 1993, Maple Peru began developing the Aguaytía Project, an integrated natural gas and electric power generation and transmission project. This US$ 273 million project involved the first commercial development of a natural gas field in Peru, as well as the construction and operation of approximately 175 miles of hydrocarbon pipelines, a gas processing plant, a fractionation facility, a 153 MW power plant and the related 392 km of electricity transmission lines. The Aguaytía Project began commercial operation in 1998. Maple Peru also acquired a 4,000 barrel per day refinery in Pucallpa along with 3 producing oil fields. In 2007, Maple Peru was registered on the London Stock Market AIM under the name of Maple Energy, plc. In October 2015, Maple Resources along with its partners took Maple Gas del Peru private with the acquisition of the company from Maple Energy, plc, the publicly listed company.

Development Strategy

The new development strategy is to focus on the acquisition, development and financing of oil, gas, refining and electric power projects in Texas, Peru and other countries in Central and Latin America.

As we continue to expand our business and implement our business strategy, our current monthly cash flow requirements will exceed our near term cash flow from operations. Our available cash resources and anticipated cash flow from operations are insufficient to satisfy our anticipated costs associated with new project development. There can be no assurance that we will be able to generate sufficient cash from operations in future periods to satisfy our capital requirements. Therefore, we will have to continue to rely on external financing activities, including the sale of our equity securities, to satisfy our capital requirements for the foreseeable future. Due, in part, to our lack of historical earnings, our prior success in attracting additional funding has been limited to transactions in which our equity is used as currency. In light of the availability of this type of financing, and the lack of alternative proposals, our board of directors has determined that the continued use of our equity for these purposes may be necessary if we are to sustain operations. Equity financings of the type we have been required to pursue are dilutive to our stockholders and may adversely impact the market price for our shares. We recently completed a private placement financing with certain accredited investors, including our two executive officers and directors. However, we have no commitments for borrowings or additional sales of equity, the precise terms upon which we may be able to attract additional funding is not known at this time, and there can be no assurance that we will be successful in consummating any such future financing transactions on terms satisfactory to us, or at all.

Refinery Transaction

On March 4, 2017, MMEX Resources Corporation (the “Company”) entered into an agreement with Maple Resources Corporation (“Maple”), a related party, to acquire all of Maple’s right, title and interest (the “Rights”) in plans to build a $450 million, 50,000 barrels per day capacity crude oil refinery in Pecos County, Texas (the “Refinery Transaction” or the “Project”). Pursuant to the Refinery Transaction, the Company agreed to acquire the Rights in exchange for the issuance of 7,000,000,000 new common shares (the “Purchased Shares”).

The Refinery Transaction provides for the Company to issue the Purchased Shares in two tranches, of which the First Tranche of 1,500,000,000 shares was issued on March 4, 2017. The Second Tranche of 5,500,000,000 shares is to be issued once the Company’s Articles of Incorporation are amended to increase the number of authorized shares of common stock. In addition, the Second Tranche amount of shares will be adjusted (up or down) subject to valuation of the Refinery Transaction by a third party outside consultant.

21

Table of Contents

Completion of the Project is subject to the receipt of required governmental permits and completion of required debt and equity financing.

Results of Operations

We recorded net income of $100,230, or $0.00 per share, for the nine months ended January 31, 2017 and a net loss of $2,302,772, or $(0.02) per share for the nine months ended January 31, 2016.

Revenues

We have not yet begun to generate revenues.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses decreased $38,766 to $21,759 for the three months ended January 31, 2017 from $60,525 for the three months ended January 31, 2016 and decreased $46,612 to $148,000 for the nine months ended January 31, 2016 from $194,612 for the nine months ended January 31, 2016. The decrease is due to reduced payroll and operating expenses as we have focused on our new development strategy, partially offset by increased professional fees in the current fiscal year.

Depreciation and Amortization Expense

Our property and equipment is fully depreciated as of January 31, 2017; therefore, our depreciation and amortization expenses are not currently material to our operations. Depreciation and amortization expenses were $0 and $363 for the three months ended January 31, 2017 and 2016, respectively, and $386 and $1,624 for the nine months ended January 31, 2017 and 2016, respectively.

Other Income (Expense)

Our interest expense increased $61,267 to $97,436 for the three months ended January 31, 2017 from $36,169 for the three months ended January 31, 2016, primarily due to increased amortization of debt discount on the convertible note associated with the Settlement Agreement. Our interest expense decreased $278,791 to $214,375 for the nine months ended January 31, 2017 from $493,166 for the nine months ended January 31, 2016 due to a reduction in our interest-bearing indebtedness, partially offset by the fees incurred on and debt discount amortization associated with the Settlement Agreement.

We reported a gain on derivative liabilities of $222,080 and $1,026,919 for the three months ended January 31, 2017 and 2016, respectively. We reported a gain on derivative liabilities of $255,188 for the nine months ended January 31, 2017 and a loss on derivative liabilities of $247,849 for the nine months ended January 31, 2016. In a series of subscription agreements, we have issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We estimate the fair value of the derivatives using multinomial lattice models that value the warrants based on a probability weighted cash flow model using projections of the various potential outcomes. We also identified the variable conversion price feature of the Settlement Agreement as a derivative and estimated the fair value of the derivative using the Black-Scholes option pricing model. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price volatility and management’s estimates of various potential equity financing transactions. These inputs are subject to significant changes from period to period and to management's judgment; therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material.

Table of Contents

We reported a gain on extinguishment of accrued salaries of $207,803 for the three months ended January 31, 2017. We had no gain or loss on extinguishment of accrued salaries for the three months ended January 31, 2016. We reported a gain on extinguishment of accrued salaries of $207,803 for the nine months ended January 31, 2017 and a loss on extinguishment of debt of $1,365,521 for the nine months ended January 31, 2016. Our gains or losses on extinguishment of debt result primarily from the conversion of preferred stock and accrued dividends and convertible notes payable to shares of our common stock. We record the value of the shares issued at the current market price, which may be either lower or higher than the conversion price per share, resulting in a gain or loss on conversion.

Net Income (Loss)

As a result of the above, we reported net income of $310,688 and $929,862 for the three months ended January 31, 2017 and 2016, respectively, net income of $100,230 for the nine months ended January 31, 2017 and a net loss of $2,302,772 for the nine months ended January 31, 2016.

Non-Controlling Interest in Loss of Consolidated Subsidiaries

Non-controlling interest in loss of consolidated subsidiaries was $455 and $460 for the three months ended January 31, 2017 and 2016, respectively, and $1,370 and $1,384 for the nine months ended January 31, 2017 and 2016, respectively.

Net Income (Loss) Attributable to the Company

Net income attributable to the Company was $311,143 and $930,322 for the three months ended January 31, 2017 and 2016, respectively, and $101,600 for the nine months ended January 31, 2017. Net loss attributable to the Company was $2,301,388 for the nine months ended January 31, 2016.

Liquidity and Capital Resources

Introduction

As of January 31, 2017, we had current assets of $82, comprised of cash, and current liabilities of $2,397,210, resulting in a working capital deficit and a total stockholders' deficit of $2,397,128. Included in our current liabilities as of January 31, 2017 are derivative liabilities of $48,062, which we do not anticipate will require the payment of cash.

Because of our continuing operating losses, we have not generated positive operating cash flows. As a result, we have significant short-term cash needs. Our principal source of operating capital has been provided from private sales of our common stock and warrants and debt financing.

During the nine months ended January 31, 2017, financing of $37,563 was provided by common stock and warrant subscriptions in a private placement, $1,000 provided by the sale of common stock and $84,782 from a Settlement Agreement.

Table of Contents

Private Placement

We recently completed a private placement of common stock and warrants to qualified investors for cash and services. During fiscal year 2016 and through January 31, 2017, $118,230 cash and $60,000 in services had been received, including $49,200 cash from related parties, for a total of 41,784,320 common shares of the Company and a total of 43,025,313 warrants. The warrants entitle the investors to purchase common shares at exercise prices of $0.0001 and $0.01 per share through March 1, 2022. Of the common shares issued, 1,096,397 shares were issued in July 2016, 27,740,123 shares were issued in December 2016 and 12,947,500 shares were issued in January 2017.

Settlement Agreement and Stipulation

On October 28, 2016, the Company entered into a Settlement Agreement and Stipulation (the “Settlement Agreement”) with Rockwell Capital Partners, Inc. (“RCP”). Pursuant to the Settlement Agreement, as amended, RCP has purchased certain outstanding payables between the Company and designated vendors totaling $84,782 (the “Payables” or “Claims”) and will exchange the portion of such Payables assigned for a Settlement Amount payable in common shares of the Company.

In settlement of the Claims, the Company shall issue and deliver to RCP, in one or more tranches as necessary, shares of the Company’s common stock (“Common Stock”), subject to adjustment and ownership limitations as set forth in the Settlement Agreement, sufficient to satisfy the Claims amount at a 50% discount to market based on the market price during the valuation period as defined in the Settlement Agreement. The Company also issued 7,000,000 shares of Common Stock as a settlement fee on October 31, 2016.

On October 28, 2016, a circuit court in Florida issued an order confirming the fairness of the terms of the Settlement Agreement within the meaning of exemption from registration provided by Section 3(a) (10) of the Securities Act of 1933.

The Company’s creditors received a total of $84,782 pursuant to the Settlement Agreement, and through January 31, 2017, the Company issued to RCP a total of 452,000,000 shares of the Company’s common stock in conversion of $56,100 note principal.

As of March 9, 2017, we issued an additional 37,000,000 common shares and have terminated any further obligation to issue shares. Our creditors will not receive further funding from the Settlement Agreement.

Future Financing Needs

As we attempt to expand exploration activities and develop our international operations, we expect to continue to experience net negative cash flows from operations in amounts not now determinable, and will be required to obtain additional financing to fund operations through common stock offerings, preferred stock offerings, and debt borrowings to the extent necessary to provide working capital. We have and expect to continue to have substantial capital expenditure and working capital needs. We recently completed a private placement We do not now have funds sufficient to fund our operations at their current level for the next twelve months. We need to raise additional cash to fund our operations and implement our business plan. We expect that the additional financing will (if available) take the form of a private placement of equity, although we may be constrained to obtain additional debt financing in lieu thereof. We are maintaining an on-going effort to locate sources of additional funding, without which we will not be able to remain a viable entity. No financing arrangements are currently under contract, and there are no assurances that we will be able to obtain adequate financing. If we are able to obtain the financing required to remain in business, eventually achieving operating profits will require commencement of operations to generate revenues or drastically reducing expenses from their current levels or both. If we are able to obtain the required financing to remain in business, future operating results depend upon a number of factors that are outside of our control.

Table of Contents

Sources and Uses of Cash

We used net cash of $124,293 in operating activities for the nine months ended January 31, 2017 as a result of net income attributable to the Company of $101,600, non-cash expenses totaling $108,960 and increases in accounts payable of $23,187 and accrued expenses of $106,321, partially offset by non-controlling interest in loss of consolidated subsidiaries of $1,370 and non-cash gains totaling $462,991.

By comparison, we used net cash of $71,545 in operating activities for the nine months ended January 31, 2016 as a result of net loss attributable to the Company of $2,301,388 and non-controlling interest in loss of consolidated subsidiaries of $1,384, partially offset by non-cash expenses totaling $1,999,433 and increases in accounts payable of $2,515 and accrued expenses of $229,279.

We had no net cash provided by or used in investing activities for the nine months ended January 31, 2017. We had net cash provided by investing activities of $10,000 for the nine months ended January 31, 2016, comprised of decrease in deposits.

We had net cash provided by financing activities was $123,345 for the nine months ended January 31, 2017, comprised of proceeds from common stock payable of $37,563, proceeds from issuance of common stock of $1,000 and proceeds from convertible note payable of $84,782. Net cash provided by financing activities was $65,000 for the nine months ended January 31, 2016 from proceeds from common stock payable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies

For further information on our significant accounting policies see the notes to our condensed consolidated financial statements included in this filing. Other than accounting policies for derivatives and related fair value disclosures that were added in the current fiscal year, there have been no changes to our significant accounting policies.

Derivative liabilities

In a series of subscription agreements, we have issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We have also identified the conversion feature of one of our convertible notes payable as a derivative. We estimate the fair value of the derivatives using the Black-Scholes option pricing model and multinomial lattice models that value the warrants based on a probability weighted cash flow model using projections of the various potential outcomes. These estimates are based on multiple inputs, including the market price of our stock, interest rates, our stock price volatility and management’s estimates of various potential equity financing transactions. These inputs are subject to significant changes from period to period and to management's judgment; therefore, the estimated fair value of the derivative liabilities will fluctuate from period to period, and the fluctuation may be material.

Table of Contents

Fair value of financial instruments

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures,* and ASC 825, *Financial Instruments,* the FASB establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable, accrued expenses and notes reported on the accompanying consolidated balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value using a hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy prioritized the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in markets that are not active.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Our derivative liabilities are measured at fair value on a recurring basis and estimated as follows:

January 31, 2017	Total	Level 1	Level 2	Level 3
Derivative liabilities	$ 48,062	$ -	$ -	$ 48,062

April 30, 2016	Total	Level 1	Level 2	Level 3
Derivative liabilities	$ 395,619	$ -	$ -	$ 395,619

The following describes the general application of accounting principles that impact our condensed consolidated financial statements.

Table of Contents

Our results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to inventories, investments, intangible assets, income taxes, financing operations, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4 Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 (“Securities Exchange Act”) is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or 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. Further, 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. Due to 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, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our condensed consolidated financial statements included in this quarterly report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Table of Contents

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of January 31, 2017. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013 Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

- As of January 31, 2017, we did not maintain effective controls over the control environment. Specifically, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-B. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of January 31, 2017, based on the criteria established in "2013 Internal Control-Integrated Framework" issued by the COSO.

(b) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II – OTHER INFORMATION

ITEM 1 Legal Proceedings

We are not a party to or otherwise involved in any legal proceedings.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 1A Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended January 31, 2017, the Company issued 40,687,923 shares of its common stock in a private placement to qualified investors for cash of $108,230 and services valued at $60,000, 5,000,000 shares to an individual for cash of $1,000, 2,082,190 shares to an individual in payment of accrued salaries of $208,219 and 28,625,000 shares to an individual for services valued at $5,725.

ITEM 3 Defaults Upon Senior Securities

There is no information required to be disclosed by this Item.

ITEM 4 Mine Safety Disclosures

There is no information required to be disclosed by this Item.

ITEM 5 Other Information

There is no information required to be disclosed by this Item.

Table of Contents

ITEM 6 Exhibits

31.1*	Certification by Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Act of 1934 and otherwise are not subject to liability.

Table of Contents

SIGNATURES

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 thereunto duly authorized.

	MMEX Resources Corporation
Dated: March 28, 2017	By:*/s/ Jack W. Hanks*
	Chief Executive Officer (Principal Executive Officer), President and Chief Financial Officer (Principal Financial and Accounting Officer)