

MMEX Resources Corp
Form 10-K
July 23, 2018

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

FORM 10-K

(Mark One)

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

For the fiscal year ended **April 30, 2018**

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 registrant as specified in charter)

Nevada
(State or other jurisdiction)

26-1749145
(IRS Employer)

Edgar Filing: MMEX Resources Corp - Form 10-K

of incorporation or organization)	Identification No.)
3616 Far West Blvd. #117-321 Austin, Texas 78731	(855) 880-0400
(Address of principal executive offices, including zip code)	(Issuer's telephone number, including area code)

Securities registered under Section 12(g) of the Exchange Act: Class A Common Stock, \$0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 past 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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Edgar Filing: MMEX Resources Corp - Form 10-K

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price (\$0.0139 per share) at October 31, 2017 (the second quarter end date) was approximately \$13,085,300.

As of July 23, 2018 there were 2,306,883,333 shares of the issuer's Class A common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

MMEX RESOURCES CORPORATION

TABLE OF CONTENTS

TO ANNUAL REPORT ON FORM 10-K

YEAR ENDED APRIL 30, 2018

	Page
<u>PART I</u>	
<u>Item 1. Business</u>	3
<u>Item 1A. Risk Factors</u>	17
<u>Item 1B. Unresolved Staff Comments</u>	17
<u>Item 2. Properties</u>	17
<u>Item 3. Legal Proceedings</u>	17
<u>Item 4. Mine Safety Disclosures</u>	17
<u>PART II</u>	
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	18
<u>Item 6. Selected Financial Data</u>	20
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	26
<u>Item 8. Financial Statements and Supplementary Data</u>	26
<u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	26
<u>Item 9A. Controls and Procedures</u>	27
<u>Item 9B. Other Information</u>	28
<u>PART III</u>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	29
<u>Item 11. Executive Compensation</u>	30
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	30
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	31
<u>Item 14. Principal Accounting Fees and Services</u>	32
<u>Item 15. Exhibits</u>	33
<u>SIGNATURES</u>	34

Table of Contents

PART I

Special Note Regarding Forward-Looking Statements

This Annual Report contains certain forward-looking statements. When used in this Annual Report or in any other presentation, statements which are not historical in nature, including the words “anticipate,” “estimate,” “should,” “expect,” “believe,” “intend,” “may,” “project,” “plan” or “continue,” and similar expressions are intended to identify forward-looking statements. They also include statements containing a projection of revenues, earnings or losses, capital expenditures, dividends, capital structure or other financial terms.

The forward-looking statements in this Annual Report are based upon our management’s beliefs, assumptions and expectations of our future operations and economic performance, taking into account the information currently available to them. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. These forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks that could significantly affect current plans and expectations and our future financial condition and results.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Annual Report might not occur. We qualify any and all of our forward-looking statements entirely by these cautionary factors. As a consequence, current plans, anticipated actions and future financial conditions and results may differ from those expressed in any forward-looking statements made by or on our behalf. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein.

Item 1: Business

Background of the Company

MMEX Resources Corporation was formed as a Nevada corporation in 2005. The current management team lead an acquisition of the Company (then named Management Energy, Inc.) through a reverse merger completed on

September 23, 2010 and changed the Company's name to MMEX Mining Corporation on February 11, 2011. We previously unsuccessfully pursued mining and coal projects that have since been abandoned. We have never generated any revenues and have accumulated losses of \$35,077,288 as of April 30, 2018.

The Company was engaged in the exploration, extraction and distribution of coal from September 23, 2010 until April 12, 2016. As of April 12, 2016, the Company changed its business to the exploration, extraction, refining and distribution of oil, gas, petroleum products and electric power. Effective as of April 6, 2016, the Company changed its name from MMEX Mining Corporation to MMEX Resources Corporation to reflect the change in its business plan.

We are a development stage company engaged in the exploration, extraction, refining and distribution of oil, gas, petroleum products and electric power. We plan to focus on the acquisition, development and financing of oil, gas, refining and electric power projects in Texas, Peru, and other countries in Latin America using the expertise of our principals to identify, finance and acquire these projects.

The most significant focus of our current business plan is to build crude oil refining facilities in the Permian Basin in West Texas. We intend to implement our current business plan in two phases, First, through our subsidiary, Pecos Refining, we intend to build and commence operation of a 10,000 bpd crude oil Distillation Unit that will produce a non-transportation grade diesel primarily for sale in the local market for drilling frac fluids, along with naphtha and heavy fuel oil to be sold to other refiners. Second, through a separate subsidiary, we intend to build and commence operation of the Large Refinery with up to 100,000 bpd capacity at the same location in West Texas. These projects will be built on 476 acres located 20 miles northeast of Fort Stockton, Texas, near the Sulfur Junction spur of the Texas Pacifico Railroad.

Table of Contents

INDUSTRY OVERVIEW

Background on Refining

Oil refining is the process of separating hydrocarbon molecules present in crude oil and converting them into marketable, finished petroleum products, such as gasoline, diesel fuel, jet fuel, lubricants and petrochemicals. Refining is primarily a margin-based business where both the feedstock (primarily crude oil) and refined petroleum products are commodities with fluctuating prices. Refiners create profit by selling refined petroleum products at prices higher than the costs of acquiring crude oil and other feedstocks, and by managing operating costs. It is important for a refinery to maximize the yields of high value finished products and to minimize the costs of feedstock and operating expenses. Access to robust supply and distribution infrastructure such as pipelines or rail infrastructure that can deliver low-cost crude oil and provide for the delivery of refined products is also a key driver of profitability.

The United States has historically been the largest consumer of petroleum-based products in the world. According to the U.S. Energy Information Administration's (the "EIA") 2016 Refinery Capacity Report, there were 139 operating oil refineries in the United States in January 2015, with a total refining capacity of approximately 18.2 million bpd. High capital costs, historical excess capacity and environmental regulatory requirements have limited the construction of new refineries in the United States over the past 35 years and reduced the number of refineries from 254 in 1982 to 139 in 2016. Domestic operating refining capacity has increased at a compounded annual growth rate of 0.3% between January 1982 and January 2016, from 16.1 million bpd to 18.2 million bpd, according to the EIA. This net increase in capacity is the result of efficiency measures and expansions at various refineries, partially offset by the closure of more than 115 smaller and less efficient refineries. The Refinery, if built, will be the first fully-new large scale refinery built in the United States in the last 40 years.

Industry Terminology

Crack Spreads

Crack spreads are a proxy for refining margins and refer to the margin that would be derived from the simultaneous purchase of crude oil and the sale of refined petroleum products, in each case at the then-prevailing price. The 2-1-1 crack spread assumes two barrels of crude oil will be converted, or "cracked," into one barrel of gasoline and one barrel of heating oil or diesel fuel. Average 2-1-1 crack spreads vary from region to region throughout the United States, depending on the supply and demand balances of crude oils and refined products.

Actual refinery margins vary from benchmark crack spreads due to the actual crude oils used and products produced, transportation costs, regional differences and the timing of the purchase of the feedstock and sale of light products.

Table of Contents

Benchmark Crude Oils

Crude oil pricing is generally quoted in reference to the classification of the crude oil, which is based on certain physical characteristics, the source of its production and the major trading hub with which it is associated. Relevant classifications of crude oil include:

- *West Texas Intermediate* (“WTI”). WTI is a grade of crude oil that is described as light because of its relatively low density, and sweet because of its low sulfur content. Cushing, Oklahoma is a major trading hub for WTI and has been the delivery point for crude oil contracts, and therefore the price settlement point, on the NYMEX for over three decades.
- *Louisiana Light Sweet* (“LLS”). LLS is a major benchmark for light, sweet crude oil that is sourced from the Gulf Coast region. It has a slightly higher density and slightly lower sulfur content than WTI.
- *Brent Crude Oil* (“Brent”). Brent is a major trading classification of light, sweet crude oil comprised of Brent, Forties and Oseberg and Ekofisk, which are types of crude oil blends sourced from the North Sea. The Intercontinental Exchange is a major trading hub for Brent. Petroleum suppliers in Europe, Africa and the Middle East often set prices for Brent crude oil according to its value on the Intercontinental Exchange if it is being sold in the Western Hemisphere.

Operating Costs

Major operating costs for refineries include employee labor, maintenance and energy. Employee labor and maintenance are relatively fixed costs that generally increase in proportion to inflation. By far, the predominant variable cost is energy such as natural gas, electricity and refinery fuel gas.

Refinery Location

The Refinery will be located in the Permian Basin of Texas. According to the EIA, between January 2016 and March 2017, oil production in the Permian Basin increased in all but three months, even as domestic crude oil prices fell. As production in other regions fell throughout most of 2015 and 2016, the Permian Basin provided a growing share of U.S. crude oil production.

With rising oil prices over the past year, the Permian Basin continues to be attractive to drillers, as reflected in rising rig counts. According to the EIA, as of April 21, 2017, the number of rigs in the Permian Basin reached 340, or 40% of the 857 total oil- and natural gas-directed rigs operating in the United States. The Permian Basin rig count reached

Edgar Filing: MMEX Resources Corp - Form 10-K

as high as 568 in late 2014 before falling to a low of 134 in spring 2016 and increasing to 340 in April 2017. According to Baker Hughes, the Permian Basin Rig Count as of July 13, 2018 was 476 active rigs.

Table of Contents

Recent geological surveys have further explored the resources contained in the Permian Basin. In November 2016, the U.S. Geological Survey (“USGS”) estimated that technically recoverable tight oil and shale gas resources in the Midland Basin portion of Texas’ Permian Basin (specifically the Wolfcamp shale formation) could exceed 20 billion barrels of oil, 16 trillion cubic feet of natural gas, and 1.6 billion barrels of hydrocarbon gas liquids. The technically recoverable resource estimate for tight oil in the Midland Basin portion of the Permian Basin is higher than any previous USGS assessment of tight oil resources in any domestic resource basin.

Source: U.S. Energy Information Administration, U.S. Geological Survey, University of Texas Bureau of Economic Geology, and Drillinginfo

The production from these US shale basins, including the Permian Basin, is predominantly light, sweet crude oil, with gravity in excess of 35 degrees API. As a result, coincident with the growth in crude oil from these shale basins, U.S. imports of light crude oil began declining in 2010.

Table of Contents

Access to Domestic Crude Oil Provides Certain Refiners an Input Cost Advantage

Given the price differential between domestic and foreign crude oil over the past several years, refiners that have had access to low-cost domestic crude oil have demonstrated consistently higher margins relative to refiners that did not have access. Until the transportation infrastructure described above was built out, refineries in PADD II (Midwest), PADD III (Gulf Coast) and PADD IV (Rocky Mountain) have had access to these cheaper domestic crude oils via pipeline while refineries in PADD I (East Coast) and PADD V (West Coast) had to rely more heavily on waterborne imports or costly deliveries of domestic crude oil from the Gulf Coast via Jones Act compliant coastal barges and vessels.

This advantage is reflected in comparing the 2-1-1 crack spread using WTI crude oil as the input against the same crack spread using Brent crude oil as the input. According to information from the EIA, for the period from 2011 to mid-2013 the 2-1-1 WTI crack spread ranged from approximately \$3 per barrel higher than the Brent crack spread to over \$20 per barrel higher. From mid-2013 to 2015, the WTI crack spread over the Brent crack spread narrowed, ranging from a high of approximately \$11 per barrel to a low of less than \$1. After 2014, the WTI crack spread and Brent crack spread narrowed even further, with the Brent crack spread exceeding the WTI crack spread for brief periods. For the first few months of 2017, the WTI crack spread has exceeded the Brent-WTI crack spread by \$2 or less per barrel

The United States is Becoming a Larger Exporter of Gasoline and Distillate, Including to Mexico

Coincident with accelerating crude oil production growth in the U.S. shale basins in 2010 and 2011, U.S. refining capacity utilization has increased significantly, as noted above. This has led to the U.S. becoming a net exporter of gasoline and distillate. One of the strongest export markets for US gasoline is Mexico, the market the Company intends to pursue.

The Mexican government is in the process of opening its gasoline and diesel markets to outside competition and replacing government-set prices with market-based prices. Last year, Mexico began allowing entities other than the state-owned company Petróleos Mexicanos (Pemex) to import gasoline and diesel and open retail stations. These changes followed previous energy sector reforms that ended Pemex's upstream monopoly and opened the oil and natural gas sectors to foreign direct investment. According to the EIA, although Mexico is a large crude oil producer, it relies heavily on imports of gasoline from the United States to meet domestic demand. Based on reports from the EIA, the Company expects that these gasoline and diesel market reforms in Mexico will have significant implications for the sale of U.S.-produced gasoline.

The switch to market-based pricing in Mexico is being implemented in phases starting with a series of national price adjustments. The transition began at the start of this year. As reported by the EIA, January retail prices have averaged 14% and 20% higher than in December for regular gasoline and premium gasoline, respectively.

For the past several years, Pemex total gasoline sales, which can be used as an estimate for consumption, averaged around 800,000 bpd. However, gasoline sales increased 2.5% and averaged nearly 820,000 bpd in 2016 (through November). Mexican consumption of gasoline has been significantly greater than refinery production, with the difference increasing over the past three years.

Table of Contents

According to the EIA, Mexico's refineries have historically been running at low utilization rates because they are challenged to produce clean gasoline and distillate fuels from the available marginal barrel of heavy sour crude oil. More recently, outages have hampered Mexico's six refineries, which had a total output (including non-gasoline products) of 1.1 million bpd through November 2016, down from 1.3 million bpd over the same months in 2015. Mexican refinery output of gasoline fell steeply to 381,000 bpd in 2015 and then fell again to 333,000 bpd in 2016 (through November). Refinery utilization rates in Mexico declined in 2016 from 78% in January to 60% in November, creating a widening gap between domestic supply and demand.

To meet demand, Mexican imports of gasoline have climbed rapidly over the past two years. According to Pemex, Mexico's motor gasoline imports were 122,000 bpd higher during the first 11 months of 2016 than during the comparable 2014 period. Since 2008, EIA data indicates that Mexico has imported significant quantities of U.S. gasoline. Based on U.S. and Mexican data sets, U.S. gasoline exports accounted for 80% of all Mexican gasoline imports and provided an average of 47% of Mexico's gasoline consumption during the first 10 months of 2016.

According to the EIA and Pemex, the volume of gasoline traded between Mexico and the United States is significant to U.S. refineries. Over the past five years, U.S. exports to Mexico accounted for between 44% (2014) and 54% (first 10 months of 2016) of total U.S. gasoline exports. On a year-over-year basis, U.S. gasoline exports to Mexico increased by 71,000 bpd in 2015, with additional average growth of 75,000 bpd over the first 10 months of 2016, when U.S. exports to Mexico averaged nearly 390,000 bpd.

Table of Contents

While the effects of the ambitious reforms now underway in Mexico's energy sector will only be realized over an extended period of time, the Company believes that the market will be very positive relative to the Company plans to market and sell its gasoline and diesel production in Western Mexico.

Outlook for Refining

Recent industry and financial research outline that refining industry fundamentals are more favorable than they have been in a number of years. Morgan Stanley in a recent research report states:

“A tectonic shift is underway on how new capital investments in refining are being thought about, as even good margins in past three years have not been able to attract major investments on concerns of competition from alternative fuels. We believe this divergence from earlier cycles primes up the refinery industry for the golden age. An overlay of new environmental norms, rising global miles driven (cars, airlines) and improving EM growth just makes margin on refining look stronger than ever.”

“In Transition to a Golden Age” Morgan Stanley Research May 16, 2018 at 6.

Permian Basin Pipeline Take-away Capacity

Today, the take-away capacity of crude pipelines from the Permian Basin to the Texas Gulf Coast is constrained to ship more crude oil. The discount price to WTI posted prices is in the \$10 plus per Bbl range. The ability to purchase our feedstock at these discounts adds to our normal “crack spread” and we are pushing to start construction and get into commercial operation as soon as possible to take advantage of this arbitrage. Our decision to locate our refinery on the Texas Pacifico-South Orient Railroad, allowing us to go by rail to the Texas Gulf Coast is now a major strategic advantage and in addition to product distribution we are also being approached for crude oil storage and transportation services as an adjunct to our refining capabilities.

Table of Contents

Current Business Operations and Strategy

The most significant focus of our current business plan is to build crude oil refining facilities in the Permian Basin in West Texas. We intend to commence operations with a 10,000 bpd Distillation Unit that will produce a non-transportation grade diesel primarily for sale in the local market for drilling mud and frac fluids, along with naphtha and heavy fuel oil to be sold to other refiners. We also anticipate constructing a crude oil refinery with up to a 100,000 bpd capacity at the same location in West Texas.

The Company is focusing on the Distillation Unit first in an effort to build and commence operations, and ultimately generate cash flow, on an expedited basis. The permitting process is significantly shorter for construction of the Distillation Unit and was received by the Company on August 30, 2017. The permitting process for the Large Refinery is expected to be 12-18 months. Additionally, the construction of the Distillation Unit will require significantly less capital than the construction of the Large Refinery.

On March 4, 2017, the Company entered into an agreement with Maple Resources, a related party, to acquire Maple Resources' business plan for the Refinery, cash flow models, an agreement to acquire the land for the Refinery site, potential refinery feed stock supplies, and business relationships for water resources, consulting services, refinery technology and potential railroad transportation agreements. The acquired assets did not include title to the site for the Refinery or any actual right to build the Refinery. The Company agreed to acquire all of these intangible assets in exchange for the issuance of 7,000,000,000 shares of Class B common stock. The shares were to be issued in two tranches, a first tranche of 1,500,000,000 shares issued on March 4, 2017 and a second tranche of 5,500,000,000 shares to be issued after the Company's articles of incorporation were amended to increase the number of authorized shares of common stock. Following the issuance of the first tranche of 1,500,000 shares, Maple Resources agreed to forego the issuance of the second tranche of shares. Accordingly, no further shares will be issued to Maple Resources as part of this transaction.

These projects will be built on 476 acres located 20 miles northeast of Fort Stockton, Texas, near the Sulfur Junction spur of the Texas Pacifico Railroad. If successfully developed, the Refinery would connect to existing railways and pipelines to market diesel, gasoline, liquefied petroleum gas and other refined products within the U.S., with the potential to market these products and crude oil to western Mexico and South America. If completed, the Large Refinery will be one of the first full scale oil refineries built in the United States in more than 40 years.

We are actively considering the inclusion in our Distillation Unit project of a crude oil storage and dispatch facility (RSD). If successful, we would accelerate the build out of the rail trackage, the crude oil storage tanks, and rail and truck loading and unloading capabilities of the Distillation Unit project. We propose to charge a per barrel fee to receive, store and dispatch crude oil to the Texas Gulf Coast markets. We are also in negotiations with an international equipment supplier and its financing affiliate to provide the equipment and separate financing for the RSD. If we are

successful in financing and constructing the RSD, this will give us the opportunity to be in commercial operation in 2019 and accelerating the timing of our projected cash flow. However, there can no assurance as to the success of the RSD component of our planned facility.

The Company currently estimates that construction costs for the Distillation Unit, inclusive of the potential RSD facility, will be approximately \$69 million. According to a report the Company received from KP Engineering, the cost of a 50,000 bpd refinery is estimated to be approximately \$500 million and the cost of a 100,000 bpd refinery is estimated to be approximately \$850 million. These estimates are only preliminary estimates and are subject to substantial change when additional engineering is completed.

Constructing the Refinery will require a significant number of governmental permits and approvals. The principal permit for the construction of the Refinery is the air quality permit issued by TCEQ and significant construction will not begin until we have received it. On August 30, 2017, we received approval from the TCEQ for the air quality permit for the Distillation Unit. Trinity Consultants, the Company's air quality permit advisor, estimates it will take approximately 18 months to obtain the air quality permit for the Large Refinery. According to VFuels Oil & Gas Engineering, construction for the Distillation Unit would take approximately 12 to 15 months. KP Engineering has estimated that the completion of the Large Refinery would take from 15 to 18 months following the receipt of the air quality permit.

Table of Contents

The cost of construction is very significant and we intend to finance 100% of such costs through debt and equity offerings . See “Business—Proposed Organizational Structure.”

We plan on marketing and distributing refined products in the Western areas of the United States and Mexico, and we may export product to Latin America. The diesel produced by the Distillation Unit will be marketed and sold locally, primarily for use in drilling mud and frac fluids, and likely transported by truck or by existing railroad systems. Any other refined products produced from the operation of the Distillation Unit (principally ATBs and naptha) would be shipped to other refineries, primarily in the Houston or Corpus Christi, Texas areas, by pipeline and existing railroad systems for further processing.

The Refinery will be located on the Texas Pacifico Railroad rail route 20 miles Northeast of Fort Stockton, Texas, approximately 1.5 miles from the Sulphur Junction on the Texas Pacifico Railroad. Once needed repairs are finished to the tracks and railway, the Texas Pacifico Railroad will connect to the Ferromex RR in Ojinago, Mexico, giving us access to the western Mexico markets.

The Texas Department of Transportation owns the Texas Pacifico Railroad, which runs from the San Angelo Junction, near Coleman, Texas, to the Texas-Mexico border at Presidio. The Texas Pacifico Railroad entails approximately 371 miles of track and interchanges with BNSF Railway and Fort Worth and Western Railroad. The Texas Pacifico Railroad is operated by Texas Pacifico Transportation LTD, a subsidiary of Grupo Mexico. Our planned Refinery is located on the Texas Pacifico Railroad rail route approximately 20 miles northeast of Fort Stockton, Texas, approximately 1.5 miles from the Sulphur Junction on the Texas Pacifico Railroad. The Texas Pacifico Railroad will connect to the Ferromex Railroad at Ojinaga, Mexico.

We have also commenced initial discussions regarding a solar power project to be located on leased acreage near the Refinery. If successfully financed and completed, we would expect to utilize a portion of the generated power for the Refinery, with the balance to be sold into the Texas grid. There is no assurance that the solar power project will be financed or constructed.

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

The Board of Directors has decided to focus the Company’s efforts in the oil, gas, refining and electric power business in the U.S. and in Latin America. The principal reasons behind this shift in focus is to capitalize on the experience and expertise of the MMEX management team, its directors and principal stockholders. MMEX management has over 30 years of experience in natural resource project development and project financing in North and South America and the

U.K. In addition, MMEX directors and principal stockholders with oil, gas, refining and electric power experience will bring this expertise into the Company.

MMEX principals formed Maple Resources Corporation (“Maple Resources”) in 1986 to engage 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 and its principals have 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 sold substantially all of its existing US-based assets and began to pursue energy projects in Latin America, particularly in Peru through its affiliate 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 bpd refinery in Pucallpa along with 3 producing oil fields.

Jack Hanks, our President and CEO, is no longer engaged in the active business operations of Maple Peru and is able to devote substantially all of his business time to his duties on behalf of the Company. Further, we do not anticipate that Maple Resources will present any conflicts of interest for the MMEX principals in carrying out their responsibilities on behalf of the Company.

Table of Contents

Proposed Organizational Structure

The Company expects to operate the Distillation Unit through its subsidiary, Pecos Refining, and to operate the Large Refinery through another subsidiary set up for such purpose. Currently, Pecos Refining is wholly-owned by the Company and the Company serves as its sole manager. However, the construction of the Distillation Unit and the Large Refinery will require substantial equity and debt financing, far beyond the expected resources of the Company, and we anticipate that the Subsidiaries will obtain equity and debt financing to finance the cost of construction. To the extent these Subsidiaries raise money through the issuance of equity securities, our ownership in the Subsidiaries will be diluted and our economic ownership of such entities may be a minority interest. As such, we will be entitled to only a portion of any future distributions made by these Subsidiaries. In addition, while intend to retain managerial control of the Subsidiaries, it is possible that equity investors will require representation on the board of managers in connection with their equity investments.

We anticipate these Subsidiaries will be able to finance approximately 80% of the total costs of the Distillation Unit and the Large Refinery through debt financing, and the remaining 20% of the total costs would be financed through equity investments. We intend to pursue the required debt financing from banks or other large institutional investors. Traditionally, such debt financing is in the form of project financing, which among other terms will require the Subsidiary borrow to restrict its activities to the operation of the project financed by the lender, to pledge all assets of the project to the lender and to be subject to restrictive financial covenants. Such lenders further typically require engineering, marketing and feasibility studies as a condition precedent to the financing. In order to attract the significant capital necessary to build the Refinery, the Company will have to fund the cost of these reports and studies, likely out of equity raises. We have estimated that such cost will aggregate approximately \$400,000.

Location and Logistics

The Refinery will be located in the Permian Basin, which holds some of the largest tapped and untapped oil and gas reserves in the world. The Permian Basin is located principally in West Texas. While production in the Permian Basin in the past had been in decline, the development of hydraulic fracturing in shale zones reversed the trend, and the cost of developing oil and gas reserves from shale formations (the driver of recent US increases in production) is lower in the Permian Basin than in other areas of the US. For this reason, the activity in the Permian Basin has recently been expanding and drawing the interest of major oil and gas companies. We believe that the Permian Basin will be the major domestic producing region in the country for decades to come.

The Refinery will be located 20 miles northeast of Fort Stockton, Texas, near the Sulfur Junction spur of the Texas Pacifico Railroad and in the Permian Basin. The Refinery site is 476 acres and the rail line runs through a corner of the property. We do not currently own all of the land on the site near Fort Stockton, Texas at which we intend to build the Refinery. On July 28, 2017, we acquired the 126 acre parcel of the land, which is the site for the planned

Distillation Unit, at a purchase price of \$550 per acre, or \$69,249. We have invested another \$212,456 in easements and road construction related to the easements. We are continuing to negotiate with the seller of the property to acquire an additional 381 acre parcel, which is the site for the planned Large Refinery at a price of \$550 per acre, or approximately \$210,000. We have not yet received any financing commitment for such purchase.

There are six refineries in the Permian Basin located at El Paso, Texas; McKee, Texas; Borger, Texas; Big Spring, Texas; and Artesia, New Mexico. The total capacity of these refineries is 640,500 bpd. These refineries are older refineries designed to process historic production from the Permian Basin. As such, these refineries do not take high-API production or discount it significantly, such as the production being produced from the hydraulically-fractured shale zones in which the current increase in production is occurring in the Permian Basin. Moreover, the increasing amount of shale oil production has outpaced these refineries' ability to process the new crude oil production. For these reasons, much of the new shale production is currently being exported out of the Permian Basin. Significant infrastructure improvements have been developed and announced to move Permian Basin production to the Texas Gulf Coast. According to the EIA, these infrastructure improvements have and will decrease the discount to WTI pricing that has often plagued the sale of Permian Basin shale crude in the recent past. The Company believes that while the construction of crude oil pipelines from the Permian Basin to the significant refining infrastructure in the Texas Gulf Coast might decrease discounts, pipeline companies will charge significant fees to transport the new shale production out of the Permian Basin, resulting, in effect, in a continued discount for such production, compared to the delivered price to the Refinery.

Table of Contents

The Refinery will be located near the major producing shale areas of the Permian Basin in Reeves and Pecos counties. The Company has signed a letter of intent with a significant mid-stream crude oil and pipeline company to supply 50,000 bpd of crude oil production to the Refinery. The Company believes that this arrangement can be expanded to 100,000 bpd should the Company choose to build a 100,000 bpd facility. The arrangement is subject to substantial conditions and there is no assurance that the arrangement can be successfully implemented with this particular company. But, the Company believes there are a number of alternative means of delivering the ever-increasing supply of oil shale production from the Permian Basin to the Refinery site, whether by truck, construction of gathering pipelines by another company or by rail.

The Company's business plan includes the export of gasoline, diesel and other products produced from the Refinery. The export of gasoline and diesel production is particularly attractive because, as noted above, exported gasoline and diesel does not bear any RIN costs, which is a significant cost of domestic refiners. The export of gasoline and diesel will therefore be a significant way to increase profits of the Refinery.

There are opportunities to sell refined products domestically, and there are significant refined product pipelines throughout the Permian Basin. Indeed, for some of the products produced by the Refinery, such as ATBs, the logical market is other domestic refineries that are designed to use these products as feedstock. The Company has had favorable preliminary discussions with product pipeline companies regarding the transport of the refined products from the Refinery, but there are no arrangements or contracts in place.

Transportation

We will likely be transporting refined products primarily by rail. Both the U.S. Department of Transportation and its agency, the Federal Railroad Administration, have issued regulations pertaining to the shipment of crude oil and refined products. In addition, TxDOT has its own set of regulations pertaining to these matters, and Mexico will have additional regulations governing the transport of refined products and crude oil. As part of the construction of the Refinery, we will develop procedures and policies in connection with our shipping partners and buyers to comply with all relevant regulations.

We intend to transport the diesel production from our Distillation Unit by truck or by existing railroad systems within the Permian Basin for use in drilling fracking markets. We intend to transport other of our refined products, principally ATBs and naphtha, to other refineries, primarily in the Houston and Corpus Christi, Texas areas, by pipeline and existing railroad systems for further processing.

TxDOT owns the Texas Pacifico Railroad, which runs from the San Angelo Junction, near Coleman, Texas, to the Texas-Mexico border at Presidio. The Texas Pacifico Railroad entails approximately 371 miles of track and interchanges with BNSF Railway and Fort Worth and Western Railroad. The Texas Pacifico Railroad is operated by Texas Pacifico Transportation LTD, a subsidiary of Grupo Mexico. Our planned Refinery is located on the Texas Pacifico Railroad rail route approximately 20 miles northeast of Fort Stockton, Texas, approximately 1.5 miles from the Sulphur Junction on the Texas Pacifico Railroad. The Texas Pacifico Railroad will connect to the Ferromex Railroad at Ojinaga, Mexico.

We plan to transport refined product on the Texas Pacifico Railroad and significant investments are required to upgrade the railroad. TxDOT owns the Texas Pacifico Railroad, which runs from the San Angelo Junction, near Coleman, Texas, to the Texas-Mexico border at Presidio. There are two significant infrastructure improvement projects that TxDOT must be complete before we will be able to use the Texas Pacifico Railroad to transport our production to Mexico as we have planned.

The international railroad bridge, located at the southwestern end of the rail line connecting Presidio, TX to Ojinaga, Mexico burned on two separate occasions, February 29, 2008 and March 1, 2009. TxDOT and Texas Pacifico Transportation LTD, the company that operates the Texas Pacifico Railroad, plan to rebuild the bridge allowing access to Mexico and increased business potential. On August 4, 2017, Tx DOT announced a \$7 million federal grant from The U.S. Department of Transportation to strengthen existing rail infrastructure in Permian Basin. As announced on August 4, the funds are expected to help rebuild the Presidio-Ojinaga International Rail Bridge and 72 miles of track on the South Orient Rail Line that run from the Mexico border to near Coleman, Texas owned by the state of Texas but maintained and operated by Texas Pacifico Transportation, Ltd. under a lease with TxDOT. A recent project schedule estimates the completion date to be in 2019.

Table of Contents

In addition, the railroad track between Alpine and Presidio may be upgraded as traffic requires through the area. The upgrade capital improvements required on the Texas Pacific Railroad to transport significant volumes of traffic are estimated by TxDOT to be in the range of \$100 million to \$150 million. Our business plan to market refined products into Western Mexico and to export refined products to Latin America will depend on the completion of the international bridge at Presidio/Ojinaga and the capital investment on the Texas Pacific Railroad railroad. There is no assurance that these capital improvements will be made. If these capital improvements are not made, our business prospects and results of operations could be materially negatively impacted.

The Company business plan may also include marketing diesel, gasoline and other refined products in the western areas of Mexico and to transport those products along Grupo Mexico's rail lines to the Mexican port of Topolobampo located on the Gulf of Mexico for export to Latin America. This business plan depends on the completion of the track upgrades and the completion of the bridge at Presidio/Ojinaga. The Company believes that the market exists in Western Mexico and in Latin America for the refined products that it plans to ship, but it has no arrangements in place to market and sell its products in those areas.

Construction of the Refinery

The Large Refinery would cover approximately 250 acres of the 476 acre property on which the Company holds an option. Before construction on the Refinery can commence, the Company must obtain all required permits. The Distillation Unit would cover approximately 15 acres of the property. Constructing the Refinery will require a significant number of governmental permits and approvals. The principal permit for the construction of the Refinery is the air quality permit issued by TCEQ and significant construction will not begin until we have received it. On August 30, 2017, we received approval from the TCEQ for the air quality permit for the Distillation Unit. Trinity Consultants, the Company's air quality permit advisor, estimates it will take approximately 15 to 18 months to obtain the air quality permit for the Large Refinery, once filed. The other principal permits that will be required are the following:

- US Environmental Protection Agency (EPA)
 - Air Permits, Risk Management Plan (RMP), Fuel Additives Registration, Facility Response Plan

- Middle Pecos Groundwater Conservation District
 - Water Use

- Pecos County
 - Construction Permits

- Occupational Safety and Health Administration (OSHA)

– Process Safety Management (PSM)

- Railroad Commission (RRC) of Texas
 - Water discharge for oil & gas assets, LPG/LNG License & Notification

- US Army Corps of Engineers (USACOE)
 - Wetlands

- Texas Historical Commission (THC)
 - Cultural/Historical survey concurrence

- Texas Parks and Wildlife Department (TPWD)
 - Threatened/Endangered Species mitigation (if applicable)

- US Department of Transportation (USDOT)
 - HAZMAT shipping registration

- Texas Department of Licensing and Registration (TDLR)
 - Boiler registration

Table of Contents

- Department of Homeland Security (DHS)
 - Chemical Facility Anti-Terrorism Standards (CFATS), Top-Screen Analysis
- Occupational Safety & Health Administration (OSHA)
 - OSHA 300 Logs, Reporting

We have not yet filed for any of the foregoing permits.

The Company has hired VFuels Oil & Gas Engineering to advise it with respect to the construction of the Distillation Unit. VFuels has prepared a preliminary report regarding the estimated cost and time-line for construction of the Distillation Unit. VFuels' estimated cost of a 10,000 bpd facility in December of 2017 has been adjusted upward to \$69 million taking into account the current increased costs of cement, steel and labor in the Permian Basin, to add desalter equipment for crude specification flexibility to the Distillation Unit and to increase the rail capacity at the site. We now project the completion of the Refinery in Q3 2019

The Company has hired KP Engineering to advise it with respect to the construction of the Refinery. KP Engineering has prepared a preliminary report regarding the estimated cost and time-line for construction of the Refinery. KP Engineering has estimated the cost of a 50,000 bpd refinery to be approximately \$500 million and the cost of a 100,000 bpd refinery to be approximately \$850 million. These estimates are only preliminary estimates and are subject to substantial change when additional engineering is completed. KP Engineering has estimated that the completion of the Large Refinery would take from 15 to 18 months following the receipt of the air quality permit.

Building a refinery is a complicated, costly and time-consuming process. The preliminary report from KP Engineering must be followed by other detailed engineering reports. But, these reports are all essential to the financing of the construction and development of the Refinery.

Employees

As of April 30, 2018, we had no employees and our executive officer and our two directors had not received any compensation. We contract for all professional services when needed.

Legal Proceedings

There are no legal proceedings against the Company.

Environmental Regulations Pertaining to Refinery Operations.

The operations of the Refinery will be subject to complex and frequently-changing federal, state, and local laws and regulations relating to the protection of health and the environment, including laws and regulations that govern the handling and release of crude oil and other liquid hydrocarbon materials. As with the industry generally, compliance with existing and anticipated environmental laws and regulations increases our overall cost of business, including our capital costs to construct, maintain, operate, and upgrade equipment and facilities. While these laws and regulations affect our maintenance, capital expenditures and net income, we do not believe they affect our competitive position, as the operations of our competitors are similarly affected. Violations of environmental laws or regulations can result in the imposition of significant administrative, civil and criminal fines and penalties and, in some instances, injunctions banning or delaying certain activities. We will adopt policies and procedures to ensure compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to frequent change at the federal, state and local levels, and the legislative and regulatory trend has been to place increasingly stringent limitations on activities that may affect the environment.

Table of Contents

Clean Air Act.

The environmental laws and regulations applicable to the Refinery include permitting and monitoring activities relating to air emissions under the federal Clean Air Act, and its implementing regulations, as well as comparable state and local statutes and regulations. Failure to comply with these rules can result in severe penalties and potential shut down of facilities. We will be required to develop policies and procedures to comply with all these laws and regulations.

Greenhouse Gas Emissions.

Various legislative and regulatory measures to address greenhouse gas (“GHG”) emissions, including carbon dioxide and methane emissions, are in different phases of implementation and discussion. At the federal legislative level, both houses of Congress have considered legislation to reduce GHG emissions, including proposals to: (i) establish a cap-and-trade system, (ii) create a federal renewable or “clean” energy standard requiring electric utilities to provide a certain percentage of power from such sources, and (iii) create enhanced incentives for use of renewable energy and increased energy efficiency in energy supply and use. A number of states, both individually and on a regional basis, have adopted measures to reduce carbon dioxide and other GHG emissions, including statewide GHG inventories and regional GHG cap-and-trade initiatives. The EPA has also begun to regulate GHG emissions under the authority granted to it by the federal Clean Air Act. The EPA has adopted regulations limiting emissions of GHGs from motor vehicles, addressing the permitting of GHG emissions from stationary sources, and requiring the reporting of GHG emissions from specified large GHG emission sources, including petroleum refineries. The implementation of EPA regulations could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls on our facilities and (iii) administer and manage any GHG emissions program. Increased costs associated with compliance with any current or future legislation or regulation of GHG emissions, if it occurs, may have a material adverse effect on our financial condition, results of operations and cash flows. In addition, climate change legislation and regulations may result in increased costs not only for our business but also for our customers, thereby potentially decreasing demand for our products and services. Decreased demand for our products and services may have a material adverse effect on our financial condition, results of operations and cash flows.

Release of Hazardous Substances.

Environmental laws and regulations affecting our operations also relate to the release of hazardous substances or solid wastes into the soil, groundwater, and surface water, and include measures to control pollution of the environment. These laws generally regulate the generation, storage, treatment, transportation, and disposal of solid and hazardous waste. They also require corrective action, including investigation and remediation, at a facility where such waste may have been released or disposed. There are risks of accidental releases into the environment associated with our operations, such as releases of crude oil or hazardous substances from our pipelines or storage facilities. To the extent

an event is not covered by our insurance policies, accidental releases could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for any related violations of environmental laws or regulations.

CERCLA.

The Refinery property and any wastes disposed therefrom may be subject to the federal Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), the federal Resource Conservation and Recovery Act, and comparable Texas state laws. CERCLA and comparable state laws may impose liability without regard to fault or the legality of the original conduct on certain classes of persons regarding the presence or release of a hazardous substance in (or into) the environment, which may include the disposal of wastes generated by the Refinery, even if the wastes are taken from the Refinery by others and disposed by them. We will develop procedures and policies to ensure compliance with these laws.

Our operations may potentially result in the discharge of regulated substances, including crude oil, refined products, or natural gas liquids. The federal Clean Air Act and comparable state laws impose restrictions and strict controls regarding the discharge of regulated substances into waters of the United States or state waters. We will develop policies and procedures to ensure compliance with these rules.

Table of Contents

Renewable Identification Numbers.

In 2007, the EPA promulgated the Renewable Fuel Standard (“RFS”), which requires refiners to blend “renewable fuels” in with their transportation fuels or purchase renewable fuel credits, known as renewable identification numbers (“RINs”), in lieu of blending. Under the Clean Air Act the EPA is required to determine and publish the applicable annual renewable fuel percentage standards for each compliance year by November 30 of the prior year. However, the EPA has repeatedly missed that deadline. The percentage standards represent the ratio of renewable fuel volume to gasoline and diesel volume. For all domestically-sold gasoline and diesel fuels we produce at the Refinery, we will be required to blend renewable fuels into our gasoline and diesel fuel or purchase RINs in lieu of blending. The Refinery intends to purchase RINs on the open market or waiver credits from the EPA to comply with the RFS. While we cannot predict the future prices of RINs or waiver credits, the price of RINs can be extremely volatile. RINs will constitute a genuinely significant cost of operations for the Refinery relative to domestically-sold gasoline and diesel, which is why we intend to export gasoline and diesel to the fullest extent possible.

If the Refinery’s gasoline or diesel is sold domestically, we and other similarly-situated refiners may become more reliant on the purchase of RINs and waiver credits on the open market to comply with the RFS in the future. The cost of RINs is dependent upon a variety of factors, which include the volume mandates set by EPA, the availability of RINs for purchase, the price at which RINs can be purchased, transportation fuel production levels and the mix of our petroleum products, all of which can vary significantly from quarter to quarter. In addition, numerous instances of fraudulent RINs being made available on the market have led EPA to impose penalties on RIN purchasers, even those with no knowledge of the fraudulent nature of the RINs. If we purchase invalid RINs, or fail to properly keep records in accordance with EPA’s rules and regulations, we could be subject to fines and penalties.

Safety, Security and Insurance Concerns in Operating Refineries.

The Refinery will be subject to the Department of Homeland Security’s Chemical Facility Anti-Terrorism Standards, which are designed to regulate the security of high-risk chemical facilities, and to the Transportation Security Administration’s Pipeline Security Guidelines and Transportation Worker Identification Credential program. We will have to have an internal program of inspection designed to monitor and enforce compliance with all of these requirements, and we will need to develop a Facility Security Plan as required under the relevant law. We will also have to have in place procedures to monitor compliance with all applicable laws and regulations regarding the security of all our facilities.

The Refinery will also be subject to the requirements of the Occupational Safety and Health Act (“OSHA”) and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens.

We will also be subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals. We will take measures to ensure that our operations are in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements, and monitoring of occupational exposure to regulated substances.

Item 1A: Risk Factors

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

Item 1B: Unresolved Staff Comments.

None.

Item 2: Properties.

Our executive offices are located at 3616 Far West Blvd. #117-321, Austin, Texas 78731. We also maintain a satellite office in Fort Stockton, Texas near the site of our refinery project.

On July 28, 2017, we acquired the 126 acre parcel of the land, which is the site for our planned Distillation Unit, at a purchase price of \$550 per acre, or \$69,249. We continue to negotiate with the seller of the property to acquire an additional 381 acre parcel, which is the site for the planned Large Refinery, at a price of \$550 per acre, or approximately \$210,000. We will be required to obtain additional financing to complete this purchase. We have not yet received any financing commitment for such purchase.

Item 3: Legal Proceedings.

None.

Item 4: Mine Safety Disclosures.

Not Applicable.

17

Table of Contents**PART II****Item 5: Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Since April 10, 2018, our Class A common stock has been listed on the OTC Pink under the symbol "MMEX". The OTC Market is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information. From November 2, 2017 through April 9, 2018, our Class A common stock was listed on the OTCQB and prior to November 2, 2017, our Class A common stock was quoted on the OTC Pink tier. The following table indicates the quarterly high and low bid price for our Class A common stock for the fiscal years ending April 30, 2018 and 2017. Such inter-dealer quotations do not necessarily represent actual transactions and do not reflect retail mark-ups, mark-downs or commissions.

	High	Low
<u>Fiscal year ended April 30, 2017</u>		
Quarter ended July 31, 2016	\$ 0.0063	\$ 0.0049
Quarter ended October 31, 2016	\$ 0.0104	\$ 0.0049
Quarter ended January 31, 2017	\$ 0.0049	\$ 0.0001
Quarter Ended April 30, 2017	\$ 0.0563	\$ 0.0001
<u>Fiscal year ended April 30, 2018</u>		
Quarter ended July 31, 2017	\$ 0.0209	\$ 0.006
Quarter ended October 31, 2017	\$ 0.0249	\$ 0.0076
Quarter ended January 31, 2018	\$ 0.0182	\$ 0.0036
Quarter Ended April 30, 2018	\$ 0.0076	\$ 0.0024

On July 20, 2018, the closing bid price of the Common Stock as reported on the OTC Pink was \$0.0038.

The number of holders of record of the Company's common stock as of April 30, 2018 was 152 as reported by our transfer agent. This number does not include an undetermined number of stockholders whose stock is held in "street" or "nominee" name.

We have not declared or paid any cash or other dividends on the Common Stock to date for the last two (2) fiscal years and have no intention of doing so in the foreseeable future.

We did not repurchase any of our equity securities during the fourth quarter of fiscal 2018.

Recent Sales of Unregistered Securities not previously reported in the Company's Form 10-Q

During the fourth quarter ended April 30, 2018, we issued a total of 369,461,216 unregistered shares of our Class A common stock: 20,792,795 shares for services valued at \$93,568; 347,023,825 shares for conversion of debt valued at \$1,158,287 and 1,644,596 shares in the cashless exercise of warrants.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities in Column (a) (d))
Equity Compensation Plans Approved by Security Holders	0	0	0
Equity Compensation Plans Not Approved by Security Holders (1)	72,380,286	\$ 0.01	0
Total	72,380,286	\$ 0.01	0

(1) Consists of warrants to purchase 72,380,286 Class A common shares.

Penny Stock

Our stock is considered to be a penny stock. The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a market price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock, to deliver a standardized risk disclosure document prepared by the SEC, that: (a) contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading; (b) contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation of such duties or other requirements of the securities laws; (c) contains a brief, clear, narrative description of a dealer market, including bid and ask prices for penny stocks and the significance of the spread between the bid and ask price; (d) contains a toll-free telephone number for inquiries on disciplinary actions; (e) defines significant terms in the disclosure document or in the conduct of trading in penny stocks; and (f) contains such other information and is in such form, including language, type size and format, as the SEC shall require by rule or regulation.

The broker-dealer also must provide, prior to effecting any transaction in a penny stock, the customer with: (a) bid and offer quotations for the penny stock; (b) the compensation of the broker-dealer and its salesperson in the transaction; (c) the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and (d) a monthly account statement showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement as to transactions involving penny stocks, and a signed and dated copy of a written suitability statement.

These disclosure requirements may have the effect of reducing the trading activity for our common stock. Therefore, stockholders may have difficulty selling our securities.

Table of Contents

Item 6: Selected Financial Data

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

Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations

Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under Special Note Regarding Forward-Looking Statements and Business sections in this Annual Report. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements.

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 Consolidated Financial Statements, including the notes thereto.

Overview

Business Plan

We are a development stage company engaged in the exploration, extraction, refining and distribution of oil, gas, petroleum products and electric power. We plan to focus on the acquisition, development and financing of oil, gas, refining and electric power projects in Texas, Peru, and other countries in Latin America using the expertise of our principals to identify, finance and acquire these projects.

The most significant focus of our current business plan is to build crude oil refining facilities in the Permian Basin in West Texas. We intend to implement our current business plan in two phases, First, through our subsidiary, Pecos Refining, we intend to build and commence operation of a 10,000 bpd crude oil Distillation Unit that will produce a non-transportation grade diesel primarily for sale in the local market for drilling frac fluids, along with naphtha and heavy fuel oil to be sold to other refiners. Second, through a separate subsidiary, we intend to build and commence operation of the Large Refinery with up to 100,000 bpd capacity at the same location in West Texas. These projects will be built on 476 acres located 20 miles northeast of Fort Stockton, Texas, near the Sulfur Junction spur of the Texas Pacifico Railroad. If successfully developed, the Refinery would connect to existing railways and pipelines to market diesel, gasoline, liquefied petroleum gas and other refined products within the U.S., with the potential to market these products and crude oil to western Mexico and South America. If completed, the Large Refinery will be one of the first full scale oil refineries built in the United States in more than 40 years.

The Company is focusing on the Distillation Unit first in an effort to build and commence operations, and ultimately generate cash flow, on an expedited basis. The permitting process is significantly shorter for construction of the Distillation Unit and is expected to be 45 days while the permitting process for the Large Refinery is expected to be 12-18 months. Additionally, the construction of the Distillation Unit will require significantly less capital than the construction of the Large Refinery.

Table of Contents

Initially, Pecos Refining, the owner of the Distillation Unit, and the entity we may form to own and operate the Large Refinery will be wholly-owned subsidiaries of the Company. However, the construction of the Distillation Unit and the Large Refinery will require substantial equity and debt financing, far beyond the expected resources of the Company, and we anticipate that these Subsidiaries will obtain equity and debt financing to finance the cost of construction. We anticipate these Subsidiaries will be able to finance up to 80% of the total costs of the Distillation Unit and the Large Refinery through debt financing, and the remaining 20% of the total costs would be financed through equity investments. To the extent these Subsidiaries raise money through the issuance of equity securities, our ownership will be diluted. We intend to retain managerial control of the Subsidiaries; however, our economic ownership of such entities may be a minority interest. As such, we will be entitled to only a portion of any future distributions made by these Subsidiaries.

We plan on marketing and distributing refined products in the Western areas of the United States and Mexico, and we may export product to Latin America. The Refinery will be located on the Texas Pacifico Railroad rail route 20 miles Northeast of Fort Stockton, Texas, approximately 1.5 miles from the Sulphur Junction on the Texas Pacifico Railroad. Once needed repairs are finished to the tracks and railway, the Texas Pacifico Railroad will connect to the Ferromex RR in Ojinago, Mexico, giving us access to the western Mexico markets.

Based on our current design plans, we currently estimate that the aggregate cost of constructing the Distillation Unit with a 10,000 bpd capacity would be approximately \$69 million. According to a report the Company received from KP Engineering, the cost of a 50,000 bpd refinery is estimated to be approximately \$500 million and the cost of a 100,000 bpd refinery is estimated to be approximately \$850 million. These estimates are only preliminary estimates and are subject to substantial change when additional engineering is completed.

Constructing the Refinery will require a significant number of governmental permits and approvals. The principal permit for the construction of the Large Refinery is the Air Permit issued by TCEQ and significant construction will not begin until we have received the Air Permit. The Company has received the Air Permit for the Distillation Unit. Once the permit is filed for the Refinery, it may take approximately 18 months to obtain the Air Permit for the Large Refinery.

Through April 30, 2018, we have had no revenues and have reported continuing losses from operations.

Results of Operations

We recorded a net income of \$2,229,620, or \$0.00 per share, for the fiscal year ended April 30, 2018, compared to a net loss of \$6,765,291, or \$0.01 per share, for the fiscal year ended April 30, 2017. As discussed below, the net

income for the current fiscal year resulted from non-operating gains.

Revenues

We have not yet begun to generate revenues.

General and Administrative Expenses

Our general and administrative expenses increased \$905,238 to \$1,116,398 for the year ended April 30, 2018 from \$211,160 for the year ended April 30, 2017. The increase is due to additional professional fees, travel and other expenses associated with securing debt financing, administrative activities of our proposed refinery project and filing of an S-1 registration statement.

Refinery Start-Up Costs

We increased the level of development of our proposed crude oil refinery in Pecos County, Texas during the fiscal year ended April 30, 2018. We expense all costs incurred prior to opening the refinery, including acquisition of refinery rights, planning, design and permitting. Such costs totaled \$828,609 and \$372,560 for the years ended April 30, 2018 and 2017, respectively.

Table of Contents

Depreciation and Amortization Expense

Our depreciation and amortization expenses are not currently material to our operations. Depreciation and amortization expenses were \$1,851 and \$386 for the years ended April 30, 2018 and 2017, respectively.

Other Income (Expense)

Our interest expense increased \$1,644,719 to \$1,927,980 for the year ended April 30, 2018 from \$283,261 for the year ended April 30, 2017. The increase in interest expense is due to interest accrued on new convertible debt during the current fiscal year, including amortization of debt discount.

For the year ended April 30, 2018, we reported a gain on derivative liabilities of \$4,604,471. For the year ended April 30, 2017, we reported a loss on derivative liabilities of \$6,105,727. The loss on derivative liabilities in fiscal year 2017 resulted primarily from the issuance of new warrants, while the gain on derivative liabilities in the current fiscal year resulted primarily from the exercise of substantially all warrants.

In a series of subscription agreements, we have issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We also identified the variable conversion feature of certain convertible notes payable 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. 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.

We reported a gain on assignment and assumption agreement of \$1,090,271 for the year ended April 30, 2018. On September 18, 2017, the Company, the members of LatAm and William B. Short ("Short"), an unrelated individual, entered into an Assignment and Assumption Agreement pursuant to which Short acquired the member interests in LatAm, thereby acquiring all the assets and assuming all the liabilities of MCCH, MCC and CC. Short agreed to assume all liabilities and hold the Company harmless from any and all liabilities (contingent or otherwise). In consideration therefor, we issued Short 10,000,000 shares of Class A common stock, valued at \$110,000, or \$0.011 per share, equal to the market value of the stock on the date of the agreement, which amount was recorded as a reduction of the gain on Assignment and Assumption Agreement. We did not have similar gain for the year ended April 30, 2017.

We reported a gain on extinguishment of debt of \$409,716 for the year ended April 30, 2018 resulting from the settlement and extinguishment of convertible notes payable, preferred stock and certain accounts payable and accrued expenses. Where shares of our Class A common stock are issued in extinguishment of debt, we record the value of the shares issued at the current market price, which at times is significantly higher than the book value of the debt, resulting in a gain on extinguishment of debt..

For the year ended April 30, 2017, we reported a gain on extinguishment of debt from the settlement of accrued salaries of \$207,803.

Net Income (Loss)

As a result of the above, primarily as a result of non-operating gains, we reported net income of \$2,229,620 for the year ended April 30, 2018. For the year ended April 30, 2017, we reported a net loss of \$6,765,291.

Non-Controlling Interest in (Income) Loss of Consolidated Subsidiaries

Non-controlling interest in income of consolidated subsidiaries was \$388,314 for the year ended April 30, 2018 and non-controlling interest in loss of consolidated subsidiaries was \$1,824 for the year ended April 30, 2017. The increase in non-controlling interest in income of consolidated subsidiaries in the current fiscal year resulted from elimination of the accounts of MCCH, MCC and CC pursuant to an Assignment and Assumption Agreement entered into on September 18, 2017. Prior to this agreement, we had little activity in these consolidated subsidiaries.

Table of Contents**Net Loss Attributable to the Company**

Net income attributable to the Company was \$1,841,306 for the year ended April 30, 2018 compared to net loss attributable to the Company of \$6,763,467 for the year ended April 30, 2017.

Liquidity and Capital Resources**Working Capital**

As of April 30, 2018, we had current assets of \$309,173, comprised of cash of \$304,173 and prepaid expenses and other current assets of \$5,000, and current liabilities of \$2,454,896, resulting in a working capital deficit of \$2,145,723. Included in our current liabilities as of April 30, 2018 are derivative liabilities of \$996,603, which we do not anticipate will require the payment of cash.

Our total current liabilities as of April 30, 2018 decreased \$6,549,526 to \$2,454,896 from \$9,004,422 as of April 30, 2017. The decrease resulted primarily from the decrease in derivative liabilities and the decrease in current liabilities resulting from assumption of liabilities pursuant to an Assignment and Assumption Agreement entered into on September 18, 2017, partially offset by increased convertible debt borrowings of the Company.

Sources and Uses of Cash

Our sources and uses of cash for the years ended April 30, 2018 and 2017 were as follows:

	2018	2017
Cash, Beginning of Year	\$ 54,513	\$ 1,030
Net Cash Used in Operating Activities	(1,563,091)	(281,409)
Net Cash Used in Investing Activities	(303,120)	-
Net Cash Provided by Financing Activities	2,115,871	334,892
Cash, End of Year	\$ 304,173	\$ 54,513

We used net cash of \$1,563,091 in operating activities for the year ended April 30, 2018 as a result of net income attributable to the Company of \$1,841,306, non-controlling interest in income of consolidated subsidiaries of \$388,314, non-cash expenses totaling \$2,070,953 and increases in accounts payable of \$127,890 and accrued expenses of \$118,804, offset by non-cash gains totaling \$6,104,458 and increases in prepaid expenses and other current assets of \$5,000 and deposits of \$900.

By comparison, we used net cash of \$281,409 in operating activities for the year ended April 30, 2017 as a result of net loss attributable to the Company of \$6,763,467, non-controlling interest in net loss of consolidated subsidiaries of \$1,824 and non-cash gain of \$207,803, partially offset by non-cash expenses totaling \$6,499,532 and increases in accounts payable of \$49,201 and accrued expenses of \$142,952.

Net cash used in investing activities was \$303,120 for the year ended April 30, 2018, comprised on the purchase of property and equipment. We had no net cash provided by or used in investing activities for the year ended April 30, 2017.

Net cash provided by financing activities was \$2,115,871 for the year ended April 30, 2018, comprised of proceeds from convertible notes payable of \$1,831,500 and proceeds from issuance of common stock of \$284,371.

By comparison, we had net cash provided by financing activities of \$334,892 for the year ended April 30, 2017, comprised of proceeds from common stock payable of \$49,741, proceeds from issuance of common stock of \$76,369 and net proceeds from convertible notes payable of \$208,782.

Table of Contents

Going Concern Uncertainty

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 \$35,077,288 and a total stockholders' deficit of \$1,945,922 at April 30, 2018, 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, including the construction of our proposed refinery project. 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.

Capital Resources

We have not generated any revenues or 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 convertible debt financing.

During the year ended April 30, 2018, we issued an aggregate of \$2,287,443 principal amount of convertible notes resulting in net proceeds to us of \$1,831,500. Included in the new convertible notes is a replacement note payable with a principal amount of \$172,170, including \$18,446 of capitalized interest expense and the assumption of \$145,000 principal and \$8,724 from an April 17, 2017 promissory note. The notes are due and payable on various dates through February 28, 2020 and bear interest at rates ranging from 8% to 12%. The notes are convertible into shares of our Class A common stock at a discount from the lowest price during certain measurement periods prior to the date of conversion. In order to redeem the notes, we will be required to pay redemption premiums that range from 18% to 50% of the principal amounts of the notes, depending upon the date of redemption. The notes also contain penalty provisions in the event of our default in repayment of the notes (if not converted by the holder into shares of common stock) on the first anniversary after issuance. During the year ended December 31, 2018, \$1,238,371 total principal of convertible notes was converted into shares of our Class A common stock.

On June 12, 2017, the Company entered into an Equity Purchase Agreement with Crown Bridge Partners, LLC (“Crown Bridge”). The Equity Purchase Agreement allowed the Company to deliver a put notice to Crown Bridge stating the dollar amount of common stock that it intends to sell to Crown Bridge on the date specified in the put notice. The amount of each put notice is limited to a formula that is equal to the lesser of (i) \$100,000 or (ii) 150% of the average dollar value of the trading volume of the Company’s stock, measured at the lowest price during the trading period, for the seven days prior to the purchase of shares by Crown Bridge. The purchase price of shares issued in respect of each put notice is 80% of the average of the three lowest trading prices in the seven trading days immediately preceding the date on which the Company exercises its put right.

On February 14, 2018, March 19, 2018 and April 2, 2018, the Company delivered put notices to Crown Bridge pursuant to the Equity Purchase Agreement. A total of 130,095,970 Class A common shares were issued to Crown Bridge for total net cash proceeds of \$284,371. A fourth put notice, dated April 6, 2018, was delivered to Crown Bridge for 98,947,321 Class A common shares that has not yet been funded but which Crown Bridge has covenanted to fulfill. The Company’s right to deliver further put notices under the Equity Purchase Agreement was terminated on April 10, 2018, when the listing of our Class A common stock was moved to the OTC Pink.

Effective May 1, 2018, the Company issued and delivered to Power Up a fourth 12% convertible note in the principal amount of \$78,000. After deducting \$3,000 of lender expenses, the financing provided \$65,000 of net proceeds to us. The holder of the note, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of common stock at a 39% discount from the average of the two lowest trading price during the 20 days prior to conversion. The Company may prepay the note at a 20% redemption premium during the first 30 days after issuance, increasing in 5% increments each 30 day period thereafter until 180 days from issuance, after which the note may not be prepaid. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of February 15, 2019.

Effective July 10, 2018, the Company issued and delivered to Power Up a fifth 12% convertible note in the principal amount of \$68,000. After deducting \$3,000 of lender expenses, the financing provided \$75,000 of net proceeds to us. The holder of the note, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of common stock at a 39% discount from the average of the two lowest trading price during the 20 days prior to conversion. The Company may prepay the note at a 20% redemption premium during the first 30 days after issuance, increasing in 5% increments each 30 day period thereafter until 180 days from issuance, after which the note may not

be prepaid. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of February 15, 2019.

Table of Contents

In addition, we do not expect to have the financial resources necessary to complete the proposed Refinery projects. The Company expects to operate the Distillation Unit through its subsidiary, Pecos Refining, and to operate the Large Refinery through another subsidiary set up for such purpose. The construction of the Distillation Unit and the Large Refinery will require substantial equity and debt financing, far beyond the expected resources of the Company. We anticipate that these Subsidiaries will obtain typical project development financing for the construction and development of the Distillation Unit and the Large Refinery and that such financings will be composed of both debt and equity financings. We anticipate these Subsidiaries will be able to finance approximately 80% of the total costs of the Distillation Unit and the Large Refinery through debt financing, and the remaining 20% of the total costs would be financed through equity investments. The Company has had only preliminary discussions with prospective equity sources regarding the financing of these projects and it is unclear at this time if we will be able to obtain such financing and, if so, how much equity in the Subsidiaries the equity investors will require in order to provide the financing. Any equity financing into which a Subsidiary enters will dilute the Company's ownership of such Subsidiary. In addition, while the Company believes that the Refinery's cost is financeable in large part through debt, it has not yet obtained a letter of intent or commitment for such financing.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material 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

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.

For further information on our significant accounting policies see the notes to our consolidated financial statements included in this Annual Report. There were no changes to our significant accounting policies during the year ended April 30, 2018. The following is a description of those significant accounting policies that involve estimates and judgment by management.

Derivative liabilities

In a series of subscription agreements, we issued warrants that contain certain anti-dilution provisions that we have identified as derivatives. We have also identified the conversion feature of certain convertible notes payable as a derivative. We estimate the fair value of the derivatives using multinomial lattice models that value the derivatives 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," FASB established a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements and 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, prepaid expenses and other current assets, accounts payable, accrued expenses and notes payable 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.

Table of Contents

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 at April 30, 2018 and 2017:

2018	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 996,603	\$ -	\$ -	\$ 996,603
2017	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 6,610,001	\$ -	\$ -	\$ 6,610,001

Item 7A: 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 8: Financial Statements and Supplementary Data

The following financial statements are being filed with this report and are located immediately following the signature page.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of April 30, 2018 and 2017

Consolidated Statements of Operations for the years ended April 30, 2018 and 2017

Consolidated Statements of Stockholders' Deficit and Members' Interest for the years ended April 30, 2018 and 2017

Consolidated Statements of Cash Flows for the years ended April 30, 2018 and 2017

Notes to Consolidated Financial Statements

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no changes in or disagreements with our accountants on accounting and financial disclosures.

Table of Contents

Item 9A(T): Controls and Procedures

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(e) 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 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 consolidated financial statements included in this annual 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.

Management's Annual Report on Internal Control over Financial Reporting.

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 April 30, 2018. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 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:

1. As of April 30, 2018, 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.
2. As of April 30, 2018, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.
3. As of April 30, 2018, we did not establish a formal written policy for the approval, identification and authorization of related party transactions.

Table of Contents

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of April 30, 2018, based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

Changes in Internal Control Over Financial Reporting.

There have been no changes in the Company's internal control over financial reporting through the date of this report or during the quarter ended April 30, 2018, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Independent Registered Accountant's Internal Control Attestation.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Corrective Action. Management plans to address the structure of the Board of Directors and discuss adding an audit committee during fiscal year 2019.

Item 9B. Other Information

None.

Table of Contents**PART III****Item 10. Directors, Executive Officers and Corporate Governance****Directors and Executive Officers**

The Board of Directors currently consists of two persons. Directors serve until the next annual meeting and until their successors are elected and qualified. The following table sets forth information about our directors and executive officers:

Name	Age	Office	Year First Elected Director
Jack W. Hanks	71	Director, Chief Executive Officer, President and Chief Financial Officer	2010
Bruce N. Lemons	63	Director	2010

Mr. Hanks has served as Director, Chief Executive Officer and President of the Company since the merger of Maple Carpenter Creek, LLC with the Company in September 2010. Mr. Hanks founded Maple Resources Corporation in 1986 and has been President or Chairman of the Board of Maple Resources since its inception. Mr. Hanks has also been the Executive Chairman of Maple Energy plc, a publicly-listed company on the London Stock Exchange AIM and the Lima Bolsa. Prior to founding Maple Resources Corporation, Mr. Hanks was a partner in the Washington D.C. office of the law firm of Akin Gump Strauss Hauer & Feld LLP. Mr. Hanks graduated from the University of Texas at Austin with a law degree in 1971 and a petroleum land management degree in 1968. We believe that Mr. Hanks' business, finance and management experience qualifies him to serve as a member of our board of directors.

Mr. Lemons has been a practicing lawyer in the mineral area for over 25 years. He has been a private investor in oil and gas and coal projects in the last several years, including in Maple Carpenter Creek, LLC and Maple Energy, plc and predecessor entities. Since 2002, Mr. Lemons has served as a director of Ansen, an electronics manufacturing company based in upstate New York. Mr. Lemons was a partner in the law firms of Holme Roberts & Owen and in Holland & Hart. Mr. Lemons graduated law school from Brigham Young University in 1980, where he was a member of law review, and holds undergraduate degrees in Economics and Political Science from Utah State University. We believe that Mr. Lemons' business, finance and management experience qualifies him to serve as a member of our board of directors.

We are not aware of any “family relationships” (as defined in Item 401(d) of Regulation S-K promulgated by the SEC) among directors, executive officers, or persons nominated or chosen by us to become directors or executive officers.

The Board of Directors has determined that neither director is “independent” as such term is defined by the listing standards of Nasdaq and the rules of the SEC. Mr. Lemons is not “independent” due to his significant beneficial ownership of our common stock. Mr. Hanks is not “independent” due to his significant beneficial ownership of our common stock and his role as an executive officer of the Company.

Audit, Nominating and Compensation Committees

Because we are not listed on a securities exchange, we are not required to establish audit, nominating or compensation committees of the Board of Directors and we have not done so. In the event we elect to seek listing on a securities exchange, we will meet the corporate governance requirements imposed by a national securities exchange, including the appointment of an audit committee, nominating committee and compensation committee, the adoption of charters for each such committee and the appointment of independent directors to such committees as required by the requirements of such securities exchange.

Table of Contents*Compensation of Directors*

We do not currently pay any compensation to our directors, but we pay their expenses to attend our board meetings. During the fiscal year ended April 30, 2017, no director expenses were incurred.

No option awards were granted to our non-executive directors during the year ended April 30, 2018. There were no stock option awards outstanding at April 30, 2018 to our non-executive directors:

Item 11. Executive Compensation

The following table sets forth the compensation paid or earned by our executive officers during the fiscal years ended April 30, 2018 and 2017.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Non-Equity				All Other Compensation	Total
				Stock Awards	Option Awards	Incentive Plan Compensation			
Jack W. Hanks Chief Executive Officer, President and Chief Financial Officer (1)	2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(1) Mr. Hanks has served as Chief Executive Officer since September 21, 2010.

There are no employment agreements in place and no severance benefits are currently in place. During the year ended April 30, 2018, we incurred consulting fees related to project development and expense reimbursements for travel, office and other support expenses on behalf of the Company to Maple Resources Corporation, an affiliate of Mr. Hanks, totaling \$123,986, of which \$5,583 was payable to Maple Resources Corporation at April 30, 2018.

Outstanding Equity Awards at Fiscal Year-End

We have not granted any stock awards other than stock options. At April 30, 2018, we had no outstanding stock options or other equity awards.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth as of July 20, 2018, the name and number of shares of the Company's common stock beneficially owned by (i) each of the directors and named executive officers of the Company, (ii) beneficial owners of 5% or more of our common stock; and (iii) all the officers and directors as a group. Pursuant to the rules and regulations of the SEC, shares of common stock that an individual or group has a right to acquire within 60 days pursuant to the exercise of options or warrants are deemed to be outstanding for the purposes of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person shown in the table.

SEC rules provide that, for purposes hereof, a person is considered the "beneficial owner" of shares with respect to which the person, directly or indirectly, has or shares the voting or investment power, irrespective of his/her/its economic interest in the shares. Unless otherwise noted, each person identified possesses sole voting and investment power over the shares listed, subject to community property laws.

Table of Contents

The percentages in the table below are based on 2,282,366,482 shares of Class A common stock and 1.5 billion shares of Class B common stock outstanding on July 20, 2018. Shares of common stock subject to options and warrants that are exercisable within 60 days of July 20, 2018 are deemed beneficially owned by the person holding such options for the purposes of calculating the percentage of ownership of such person but are not treated as outstanding for the purpose of computing the percentage of any other person.

Name and Address of Beneficial Owners (1)	Class A common stock		Class B common stock		Voting Power (5)
	Shares	Percentage Ownership of Class	Shares	Percentage Ownership of Class	
Jack W. Hanks (2)(4)	209,699,518	9.19%	1,400,000,000	93.33%	82.22%
Bruce N. Lemons (3)(4)	223,173,230	9.78%	100,000,000	6.67%	7.08%
All directors and officers as a group (two persons)	432,872,748	18.97%	1,500,000,000	100.00%	89.30%

- (1) Unless otherwise noted, the business address for each of the individuals set forth in the table is c/o MMEX Resources Corporation, 3616 Far West Blvd, #117-321, Austin, Texas 78731.
- (2) Includes (i) 138,176,181 shares of Class A common stock held by The Maple Gas Corporation, (ii) 35,268,260 shares of Class A common stock held by Maple Structure Holdings, LLC, (iii) 36,255,077 shares of Class A common stock held by Maple Resources Corporation, and (iv) 1,400,000,000 shares of Class B common stock held by Maple Resources Corporation.
- (3) Includes (i) 190,436,380 shares of Class A common stock held by BNL Family Trust, (ii) 32,736,850 shares of Class A common stock held by AAM Investments, LLC and (iii) 100,000,000 shares of Class B common stock to be received by BNL Family Trust upon its exercise of an option to purchase such shares from Maple Resources Corporation. Mr. Lemons and his family are the beneficiaries of BNL Family Trust. AAM Investments, LLC is indirectly owned by BNL Family Trust, a trust established for the benefit of Mr. Lemons and his family.
- (4) Maple Resources Corporation, a related party to Mr. Hanks, granted BNL Family Trust, a related party to Mr. Lemons, an option to purchase 100,000,000 shares of Class B common stock from Maple Resources at a price of \$0.002 per share. The option expires in March 2022. Beneficial ownership of Messrs. Hanks and. Lemons give effect to the exercise of such option.
- (5) Shares of Class B common stock have ten votes per share, and shares of Class A common stock have one vote per share.

Item 13. Certain Relationships and Related Transactions and Director Independence

Unless otherwise indicated, the terms of the following transactions between related parties were not determined as a result of arm's length negotiations.

Contractual Agreements

On March 4, 2017, the Company entered into an agreement with Maple Resources Corporation ("Maple Resources"), a related party owned by Mr. Jack W. Hanks, to acquire Maple Resources' business plan to build a \$450 million, 50,000 barrels per day capacity crude oil refinery in Pecos County, Texas in exchange for the issuance of 7 billion shares of common stock. The Company issued 1.5 billion shares of common stock on March 4, 2017. Subsequently, the Company amended and restated its articles of incorporation to authorize Class A and Class B common stock. Upon such amendment and restatement, Maple Resources agreed to waive its right to receive the remainder of the 7 billion shares of common stock and the 1.5 billion shares already issued were designated as Class B common stock. The Class B common stock is identical to the Class A common stock except that the Class A common stock has one vote per share and the Class B common stock has 10 votes per share. The 1.5 billion Class B common stock issued to Maple Resources were valued at \$150,000 by an independent valuation firm, with the \$150,000 expensed to refinery start-up costs.

Maple Resources subsequently granted BNL Family Trust, a related party to Mr. Lemons, an option to purchase 100,000,000 shares of Class B common stock from Maple Resources at a price of \$0.002 per share. The option expires in March 2022. Beneficial ownership of Messrs. Hanks and Lemons give effect to the exercise of such option.

Table of Contents**Consulting Fees and Expense Reimbursement**

During the year ended April 30, 2018, we incurred consulting fees related to project development and expense reimbursements for travel, office and other support expenses on behalf of the Company to Maple Resources, totaling \$123,986, of which \$5,583 was payable to Maple Resources at April 30, 2018.

Accrued Expenses

Accrued expenses to related parties totaled \$31,633 and \$70,670 as of April 30, 2018 and 2017, respectively.

Item 14: Principal Accounting Fees and Services

Our independent auditors, M&K CPAs, PLLC ("M&K"), have no direct or indirect interest in the Company and have been the Company's Independent Registered Public Accounting Firm since 2009. The following table sets forth the fees billed and estimated fees for professional audit services provided by such firm for the fiscal years ended April 30, 2018 and 2017:

	2018	2017
Audit Fees (a)	\$ 30,500	\$ 28,000
Audit-Related Fees (b)	\$ 0	\$ 0
Tax Fees (c)	\$ 0	\$ 0
All Other Fees	\$ 0	\$ 0

-
- (a) Includes fees for services related to the audits of our annual financial statements and the reviews of our interim financial statements and assistance with SEC filings.
- (b) Includes fees for services related to transaction due diligence and consultations with respect to compliance with Section 404 of the Sarbanes-Oxley Act.
- (c)

Edgar Filing: MMEX Resources Corp - Form 10-K

Includes fees for services related to tax compliance, preparation and planning services (including U.S. federal, state and local returns) and tax examination assistance.

Our Board of Directors established a policy whereby the outside auditors are required to seek pre-approval on an annual basis of all audit, audit-related, tax and other services by providing a prior description of the services to be performed. For the year ended April 30, 2018, 100% of all audit-related services were pre-approved by the Board of Directors, which concluded that the provision of such services by M&K was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

Table of Contents**Item 15: Exhibits**

(a) (3) Exhibits

Exhibit Description

No.	Description
<u>3.1</u>	<u>Amended and Restated Articles of Incorporation (1)</u>
<u>3.2</u>	<u>Amended and Restated By-laws (1)</u>
4.1	Form of Warrant to Purchase Common Stock of registrant (2)
<u>4.2</u>	<u>Replacement Convertible Note due April 19, 2018, payable to Vista Capital Investments, LLC (3)</u>
4.3	8% Convertible Note due May 15, 2018, payable to Eagle Equities, LLC (3)
4.4	8% Convertible Note due May 16, 2018, payable to Crown Bridge Partners, LLC (3)
4.5	8% Convertible Note due May 24, 2018, payable to GS Capital Partners, LLC (3)
<u>4.6</u>	<u>8% Convertible Note due December 12, 2017, payable to Crown Bridge Partners, LLC (4)</u>
<u>4.7</u>	<u>12% Convertible Note due March 30, 2018, payable to JSJ Investments, Inc. (5)</u>
4.8	12% Convertible Note due June 1, 2018, payable to Auctus Fund, LLC (3)
4.9	12% Convertible Note due June 20, 2018, payable to Power Up Lending Group Ltd. (3)
4.10	Convertible Note dated October 19, 2017, issued to Vista Capital Investments, LLC (3)
<u>4.11</u>	<u>12% Convertible Note due November 13, 2018, payable to Power Up Lending Group Ltd. *</u>
<u>4.12</u>	<u>8% Convertible Note due January 19, 2019, payable to GS Capital Partners, LLC *</u>
<u>4.13</u>	<u>12% Convertible Note due November 30, 2018, payable to Power Up Lending Group Ltd. *</u>
<u>4.14</u>	<u>12% Convertible Note due March 14, 2019, payable to JSJ Investments, Inc. *</u>
<u>4.15</u>	<u>8% Convertible Note due March 21, 2019, payable to Auctus Fund, LLC *</u>
<u>4.16</u>	<u>10% Convertible Note due March 31, 2019 payable to One44 Capital LLC *</u>
<u>4.17</u>	<u>12% Convertible Note due February 15, 2019, payable to Power Up Lending Group Ltd. *</u>
<u>10.1</u>	<u>Stock Purchase Agreement, dated March 4, 2017, by and between the registrant and Maple Resources Corporation (6)</u>
<u>10.2</u>	<u>Equity Purchase Agreement, dated June 12, 2017, by and between the registrant and Crown Bridge Partners, LLC (4)</u>
10.3	Registration Rights Agreement, dated June 12, 2017, by and between the registrant and Crown Bridge Partners, LLC (3)
10.4	Amendment No. 1 to Equity Purchase Agreement, dated October 9, 2017, by and between the registrant and Crown Bridge Partners, LLC (3)
10.5	Amendment No. 2 to Equity Purchase Agreement, dated February 1, 2018, by and between the registrant and Crown Bridge Partners, LLC (3)
21.1	Subsidiaries (3)
<u>31.1</u>	<u>Certification by Chief Executive Officer and Chief Financial Officer of the Registrant, pursuant to 17 CFR 240.13a—14(a) or 17 CFR 240.15d—14(a).(11). *</u>
<u>32.1</u>	<u>Certification by Chief Executive Officer and Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *</u>
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.

101.DEF* XBRL Taxonomy Extension Definition Linkbase.

101.LAB* XBRL Taxonomy Extension Label Linkbase.

101.PRE* XBRL Taxonomy Extension Presentation Linkbase.

* Filed herewith.

- (1) Filed as exhibit to Report on Form 8-K filed on April 3, 2017.
- (2) Filed as exhibit to Report on Form 10-K filed on August 11, 2011.
- (3) Filed as exhibit to Form S-1 Registration Statement No. 333-218958.
- (4) Filed as exhibit to Report on Form 8-K filed on June 13, 2017.
- (5) Filed as exhibit to Report on Form 10-K filed on July 28, 2017.
- (6) Filed as exhibit to Report on Form 8-K filed on March 10, 2017

Table of Contents

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K to be signed on its behalf by the undersigned thereto duly authorized.

MMEX Resources Corporation

(Registrant)

Date: July 23, 2018

By: */s/ Jack W. Hanks*
Jack W. Hanks, Chairman

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
<i>/s/ Jack W. Hanks</i>	Chairman and Chief Executive Officer	July 23, 2018
Jack W. Hanks	(Principal Executive Officer) President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	
<i>/s/ Bruce N. Lemons</i>	Director	July 23, 2018
Bruce N. Lemons		

MMEX RESOURCES CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets as of April 30, 2018 and 2017</u>	F-3
<u>Consolidated Statements of Operations for the Years Ended April 30, 2018 and 2017</u>	F-4
<u>Consolidated Statements of Stockholders' Deficit and Members' Interests for the Years Ended April 30, 2018 and 2017</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended April 30, 2018 and 2017</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-9

F-1

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of MMEX Resources Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MMEX Resources Corporation (the Company) as of April 30, 2018 and 2017, and the related consolidated statements of operations, stockholders' deficit and members' interest, and cash flows for each of the years in the two-year period ended April 30, 2018, and the related notes and schedules (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended April 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company suffered a net loss from operations and has a net capital deficiency, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ M&K CPAS, PLLC

We have served as the Company's auditor since 2013.

Houston, TX

July 23, 2018

F-2

Table of Contents**MMEX RESOURCES CORPORATION****Consolidated Balance Sheets**

	April 30, 2018	April 30, 2017
Assets		
Current assets:		
Cash	\$ 304,173	\$ 54,513
Prepaid expenses and other current assets	5,000	-
Total current assets	309,173	54,513
Property and equipment, net	301,269	-
Deposit	900	-
Total assets	\$ 611,342	\$ 54,513
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 708,072	\$ 694,664
Accrued expenses	240,404	912,870
Accrued expenses – related party	31,633	70,670
Notes payable, currently in default	75,001	375,001
Convertible notes payable, currently in default, net of discount of \$0 and \$0 at April 30, 2018 and 2017, respectively	75,000	195,000
Convertible notes payable, net of discount of \$504,590 and \$136,284 at April 30, 2018 and 2017, respectively	328,183	8,716
Convertible preferred stock	-	137,500
Derivative liabilities	996,603	6,610,001
Total current liabilities	2,454,896	9,004,422
Long-term liabilities:		
Convertible note payable, net of discount of \$258,932 at April 30, 2018	102,368	-
Total liabilities	2,557,264	9,004,422
Commitments and contingencies		
Stockholders' deficit:		
Common stock; \$0.001 par value:		
Class A: 12,000,000,000 shares authorized, 2,127,436,835 and 987,616,168 shares issued and outstanding at April 30, 2018 and 2017, respectively	2,127,437	987,617
	1,500,000	1,500,000

Edgar Filing: MMEX Resources Corp - Form 10-K

Class B: 2,000,000,000 shares authorized, 1,500,000,000 shares issued and outstanding at April 30, 2018 and 2017, respectively

Common stock payable	-	307,978
Additional paid-in capital	29,494,058	25,551,533
Non-controlling interest	9,871	(378,443)
Accumulated (deficit)	(35,077,288)	(36,918,594)
Total stockholders' deficit	(1,945,922)	(8,949,909)
Total liabilities and stockholders' deficit	\$ 611,342	\$ 54,513

See accompanying notes to consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Consolidated Statements of Operations**

	Years Ended April 30,	
	2018	2017
Revenues	\$ -	\$ -
Operating expenses:		
General and administrative expenses	1,116,398	211,160
Refinery start-up costs	828,609	372,560
Depreciation and amortization	1,851	386
Total operating expenses	1,946,858	584,106
Loss from operations	(1,946,858)	(584,106)
Other income (expense):		
Interest expense	(1,927,980)	(283,261)
Gain (loss) on derivative liabilities	4,604,471	(6,105,727)
Gain on assignment and assumption agreement	1,090,271	-
Gain on extinguishment of debt	409,716	207,803
Total other income (expense)	4,176,478	(6,181,185)
Income (loss) before income taxes	2,229,620	(6,765,291)
Provision for income taxes	-	-
Net income (loss)	2,229,620	(6,765,291)
Non-controlling interest in (income) loss of consolidated subsidiaries	(388,314)	1,824
Net income (loss) attributable to the Company	\$ 1,841,306	\$ (6,763,467)
Net income (loss) per common share – basic and diluted	\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding:		
Basic	1,543,403,933	568,407,531
Diluted	2,051,851,614	568,407,531

See accompanying notes to consolidated financial statements.

F-4

Table of Contents

MMEX RESOURCES CORPORATION

Consolidated Statements of Stockholders' Deficit and Members' Interests

Years Ended April 30, 2018 and 2017

	Class A Common Stock		Class B Common Stock		Common Stock Payable	Additional Paid-in Non-Controlling Capital	Interest	accumulated Deficit
	Shares	Amount	Shares	Amount				
Balance, April 30, 2016	180,432,013	\$ 180,434	-	\$ -	\$ 3,395,483	\$ 24,154,130	\$ (376,619)	\$ (30,155,1
Related party debt forgiven and contributed to capital	-	-	-	-	(90,000)	90,000	-	-
Shares issued for: Cash	39,394,400	39,395	-	-	-	36,974	-	-
Common stock payable	236,784,319	236,783	-	-	(3,064,332)	2,827,549	-	-
Conversion of convertible note payable and derivative liabilities	489,000,000	489,000	-	-	-	(304,091)	-	-
Accrued expenses	2,082,190	2,082	-	-	-	(1,666)	-	-
Accounts payable	28,625,000	28,625	-	-	-	(22,900)	-	-
Services	4,298,246	4,298	-	-	-	94,237	-	-
Interest expense	7,000,000	7,000	-	-	-	27,300	-	-
Shares issued to related party for refinery project rights	-	-	1,500,000,000	1,500,000	-	(1,350,000)	-	-
Cash for common stock payable	-	-	-	-	49,741	-	-	-
Services for common stock payable	-	-	-	-	17,086	-	-	-

Net loss	-	-	-	-	-	-	-	(1,824)	(6,763,4
Balance, April 30, 2017	987,616,168	\$ 987,617	1,500,000,000	\$ 1,500,000	\$ 307,978	\$ 25,551,533	\$ (378,443)	\$ (36,918,5	

(Continued)

See accompanying notes to consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Consolidated Statements of Stockholders' Deficit and Members' Interests****Years Ended April 30, 2018 and 2017 (continued)**

	Class A Common Stock Shares	Amount	Class B Common Stock Shares	Amount	Common Stock Payable	Additional Paid-in Capital	Non-Controlling Interest	Accu	D
Balance, April 30, 2017	987,616,168	\$ 987,617	1,500,000,000	\$ 1,500,000	\$ 307,978	\$ 25,551,533	\$(378,443)	\$(36	
Shares issued for:									
Cash	130,095,970	130,097	-	-	-	154,274	-	-	
Common stock payable	62,846,918	62,847	-	-	(307,978)	245,131	-	-	
Conversion of convertible notes payable and derivative liabilities	500,640,396	500,638	-	-	-	1,873,024	-	-	
Accrued expenses	440,000	440	-	-	-	3,960	-	-	
Cashless exercise of warrants and derivativeliabilities	355,004,588	355,005	-	-	-	1,551,001	-	-	
Services	40,042,795	40,043	-	-	-	280,650	-	-	
Settlement of preferred stock	24,750,000	24,750	-	-	-	175,726	-	-	
Settlement of debt	16,000,000	16,000	-	-	-	108,800	-	-	
Assignment and assumption agreement	10,000,000	10,000	-	-	-	(450,041)	-	-	
Net income	-	-	-	-	-	-	388,314	1	
Balance, April 30, 2018	2,127,436,835	\$ 2,127,437	1,500,000,000	\$ 1,500,000	\$ -	\$ 29,494,058	\$ 9,871	\$(35	

See accompanying notes to consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Consolidated Statements of Cash Flows**

	Years Ended April 30,	
	2018	2017
Cash flows from operating activities:		
Net income (loss) attributable to the Company	\$ 1,841,306	\$ (6,763,467)
Non-controlling interest in income (loss) of consolidated subsidiaries	388,314	(1,824)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	1,851	386
Issuance of Class B common stock for refinery start up costs	-	150,000
Stock-based compensation	321,443	149,921
Convertible note payable issued for commitment fee	80,000	-
Interest expense added to convertible note principal	104,448	-
Gain (loss) on derivative liabilities	(4,604,471)	6,105,727
Gain on assignment and assumption agreement	(1,090,271)	-
Gain on extinguishment of debt	(409,716)	(207,803)
Amortization of debt discount	1,563,211	93,498
Increase in operating assets:		
Prepaid expenses and other current assets	(5,000)	-
Deposits	(900)	-
Increase in operating liabilities:		
Accounts payable	127,890	49,201
Accrued expenses	118,804	142,952
Net cash used in operating activities	(1,563,091)	(281,409)
Cash flows from investing activities:		
Purchase of property and equipment	(303,120)	-
Net cash used in investing activities	(303,120)	-
Cash flows from financing activities:		
Proceeds from convertible notes payable	1,831,500	208,782
Proceeds from issuance of common stock	284,371	76,369
Proceeds from common stock payable	-	49,741
Net cash provided by financing activities	2,115,871	334,892
Net increase in cash	249,660	53,483
Cash at the beginning of the year	54,513	1,030
Cash at the end of the year	\$ 304,173	\$ 54,513

(Continued)

See accompanying notes to consolidated financial statements.

F-7

Table of Contents**MMEX RESOURCES CORPORATION****Consolidated Statements of Cash Flows (continued)**

	Years Ended April 30,	
	2018	2017
Supplemental disclosure:		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Non-cash investing and financing activities:		
Common stock for common stock payable	307,978	3,064,332
Settlement of convertible preferred stock and accrued interest for common stock	200,476	-
Common stock for derivative liabilities in cashless exercise of warrants	1,906,006	-
Common stock for accrued expenses	4,400	416
Common stock for accounts payable	-	5,725
Common stock issued in conversion of debt	2,307,791	184,909
Settlement of convertible notes payable and accrued interest for common stock	124,800	-
Derivative liabilities for debt discount	1,927,676	208,782
Accrued interest payable added to convertible note principal	8,723	-
Common stock payable contributed to capital	-	90,000

See accompanying notes to consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Notes to Consolidated Financial Statements****Year Ended April 30, 2018****NOTE 1 – BACKGROUND, ORGANIZATION AND BASIS OF PRESENTATION**

MMEX Resources Corporation (the “Company” or “MMEX”) is a company engaged in the exploration, extraction, refining and distribution of oil, gas, petroleum products and electric power. We plan to focus on the acquisition, development and financing of oil, gas, refining and electric power projects in Texas, Peru, and other countries in Latin America using the expertise of our principals to identify, finance and acquire these projects. The most significant focus of our current business plan is to build crude oil refining facilities in the Permian Basin in West Texas.

MMEX was formed as a Nevada corporation in 2005. The current management team led an acquisition of the Company (then named Management Energy, Inc.) through a reverse merger completed on September 23, 2010 and changed the Company’s name to MMEX Mining Corporation on February 11, 2011 and to MMEX Resources Corporation on April 6, 2016.

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

Name of Entity	%	Form of Entity	State of Incorporation	Relationship
MMEX Resources Corporation (“MMEX”)	-	Corporation	Nevada	Parent
Pecos Refining & Transport, LLC	100%	LLC	Texas	Subsidiary
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		Subsidiary

British Virgin
Isles

Pecos Refining & Transport, LLC (“Pecos Refining”) was formed in June 2017 with the Company as its sole member. Through Pecos Refining, the Company plans to build and commence operations of a crude oil distillation unit in the Permian Basin in West Texas.

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 for all periods presented due to the common ownership. AMC through the Trust controls the Hunza coal interest previously owned by MMEX.

On September 1, 2016, the Company entered into a stock assignment agreement with LatAm Services, LLC (“LatAm”), whose members are officers and directors of the Company, pursuant to which LatAm acquired MCCH, a wholly owned subsidiary of the Company, and MCC and CC, majority owned subsidiaries of MCCH. On September 18, 2017, the Company, the members of LatAm and William B. Short (“Short”), an unrelated individual, entered into an Assignment and Assumption Agreement pursuant to which Short acquired MCCH, MCC and CC from LatAm (Note 11). The accounts of MCCH, MCC and CC are included in the consolidated financial statements through September 18, 2017 due to the common ownership of LatAm. With the acquisition of these subsidiaries by LatAm, and subsequently by Short, MMEX 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***Consolidation*

The accompanying consolidated financial statements include the accounts of the Company and its aforementioned subsidiaries and entities under common ownership. All significant intercompany accounts and transactions have been eliminated in consolidation. The ownership interests in subsidiaries that are held by owners other than the Company are recorded as non-controlling interest and reported in our consolidated balance sheets within stockholders' deficit. Losses attributed to the non-controlling interest and to the Company are reported separately in our consolidated statements of operations.

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.

Property and equipment

Property and equipment is recorded at the lower of cost or estimated net recoverable amount, and is depreciated using the straight-line method over the estimated useful life of the related asset as follows:

Office furniture and equipment	10 years
Computer equipment and software	5 years

Maintenance and repairs are charged to expense as incurred. Significant renewals and betterments will be capitalized. At the time of retirement or other disposition of equipment, the cost and accumulated depreciation will be removed from the accounts and the resulting gain or loss, if any, will be reflected in operations.

The Company will assess the recoverability of property and equipment by determining whether the depreciation and amortization of these assets over their remaining life can be recovered through projected undiscounted future cash flows. The amount of equipment impairment, if any, will be measured based on fair value and is charged to operations in the period in which such impairment is determined by management.

F-10

Table of Contents

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 certain of our convertible notes payable as derivatives. We estimate the fair value of the derivatives using multinomial lattice models that value the derivative liabilities 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 carrying amounts of cash, prepaid expenses and other current assets, accounts payable, accrued expenses and notes payable 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 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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.

Edgar Filing: MMEX Resources Corp - Form 10-K

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:

April 30, 2018	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 996,603	\$ -	\$ -	\$ 996,603

April 30, 2017	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 6,610,001	\$ -	\$ -	\$ 6,610,001

Table of Contents

Revenue Recognition

We recognize revenue in accordance with the Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification (“ASC”), Topic 605, Revenue Recognition. Accordingly, we recognize revenue when (1) persuasive evidence of an arrangement exists; (2) the performance of service has been rendered to a customer or delivery has occurred; (3) the amount of fee to be paid by a customer is fixed and determinable; and (4) the collectability of the fee is reasonably assured.

Refinery start-up costs

Costs incurred prior to opening the Company’s proposed crude oil refinery in Pecos County, Texas, including acquisition of refinery rights, planning, design and permitting, are recorded as start-up costs and expensed as incurred.

Advertising and promotion

All costs associated with advertising and promoting products are expensed as incurred. No expenses were incurred for the years ended April 30, 2018 and 2017, respectively.

Income taxes

The Company recognizes deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets to be more likely than not.

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 warrants and convertible debt, were exercised or converted into common stock. For the year ended April 30, 2018, potential dilutive securities included 508,447,681 shares issuable for convertible debt. For the year ended April 30, 2017, potential dilutive shares 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.

Stock-based compensation

Pursuant to FASB ASC 718, all share-based payments to employees, including grants of employee stock options, are recognized in the statement of operations based on their fair values. For the fiscal years ended April 30, 2017 and 2016, the Company did not record any share based compensation to employees.

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.

Table of Contents

Uncertain tax positions

The Company has adopted FASB standards for accounting for uncertainty in income taxes. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Various taxing authorities periodically audit the Company's income tax returns. These audits include questions regarding the Company's tax filing positions, including the timing and amount of deductions and the allocation of income to various tax jurisdictions. In evaluating the exposures connected with these various tax filing positions, including state and local taxes, the Company records allowances for probable exposures. A number of years may elapse before a particular matter, for which an allowance has been established, is audited and fully resolved. The Company has not yet undergone an examination by any taxing authorities and has not identified any uncertain tax positions requiring recognition in its consolidated financial statements.

The assessment of the Company's tax position relies on the judgment of management to estimate the exposures associated with the Company's various filing positions.

Reclassifications

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

Recently Issued Accounting Pronouncements

In July 2017, the FASB issued Accounting Standards Update (“ASU”) 2017-11, “Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features; II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception.” Part I of this update addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments

(such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of this update addresses the difficulty of navigating Topic 480, “Distinguishing Liabilities from Equity,” because of the existence of extensive pending content in the FASB Accounting Standards Codification. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable non-controlling interests. The amendments in Part II of this update do not have an accounting effect. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

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.

Table of Contents

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 \$35,077,288 and a total stockholders' deficit of \$1,945,922 at April 30, 2018, 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, including the construction of our proposed refinery project. 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

Accrued expenses (see Note 7) to related parties totaled \$31,633 and \$70,670 as of April 30, 2018 and April 30, 2017, respectively.

On March 4, 2017, the Company entered into an agreement with Maple Resources Corporation (“Maple Resources”), a related party controlled by our President and CEO, to acquire all of Maple Resources’ right, title and interest in plans to build a crude oil refinery in Pecos County, Texas. See Note 6.

During the year ended April 30, 2018, we incurred consulting fees and expense reimbursement related to the development of the refinery project to Maple Resources totaling \$123,986, of which \$5,583 was included in accounts payable at April 30, 2018.

F-14

Table of Contents**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at April 30:

	2018	2017
Office furniture and equipment	\$ 13,863	\$ 454
Computer equipment and software	10,962	24,569
Less accumulated depreciation and amortization	(8,312)	(25,023)
	16,513	-
Land and improvements	284,756	-
	\$ 301,269	\$ -

On July 28, 2017, the Company acquired 126 acres of land located near Fort Stockton, Texas for \$67,088. This 126 acre parcel is part of the 476 acre tract on which the Company intends to build a crude oil refinery (Note 6). The Company subsequently acquired certain easements related to the land parcel for \$16,958 and, through April 30, 2018, incurred improvement costs totaling \$200,710.

Depreciation and amortization expense totaled \$1,851 and \$386 for the years ended April 30, 2018 and 2017, respectively.

NOTE 6 – REFINERY PROJECT

On March 4, 2017, we 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 crude oil refinery in Pecos County, Texas (the “Refinery Transaction”). Pursuant to the Refinery Transaction, we agreed to acquire the Rights in exchange for the issuance of 1,500,000,000 Class B common shares. The 1,500,000,000 Class B common stock issued for the Rights were valued at \$150,000 by an independent valuation firm, with the \$150,000 expensed to refinery start-up costs.

Through our wholly-owned subsidiary, Pecos Refining, we intend initially to build and commence operation of a 10,000 barrel-per-day distillation unit (the “Distillation Unit”) that will produce a non-transportation grade diesel primarily for sale in the local market for drilling mud and frac fluids, along with naphtha and heavy fuel oil to be sold to other refiners. Through a separate subsidiary, we intend to build and commence operation of a crude oil refinery

(the “Large Refinery”) with up to 100,000 barrel-per-day capacity at the same location in West Texas (collectively with the Distillation Unit, the “Refinery Project”). The Refinery Project will be built on 476 acres located 20 miles northeast of Fort Stockton, Texas.

On July 28, 2017, we acquired the 126 acre parcel of the land, which is the site for our planned Distillation Unit (Note 5), at a purchase price of \$550 per acre, or \$69,249. We continue to negotiate with the seller of the property to acquire an additional 381 acre parcel, which is the site for the planned Large Refinery, at a price of \$550 per acre, or approximately \$210,000. We will be required to obtain additional financing to complete this purchase. We have not yet received any financing commitment for such purchase.

On July 31, 2017, we filed an application with the Texas Commission on Environmental Quality (“TCEQ”) to obtain an air quality permit and obtained permit approval from the TCEQ on August 30, 2017. Accordingly, we will begin construction on the Distillation Unit on 15 acres of our 126 acre tract as soon we receive adequate financing to do so.

Completion of the Refinery Project will require substantial equity and debt financing is subject to the receipt of required governmental permits.

Table of Contents**NOTE 7 – ACCRUED EXPENSES**

Accrued expenses consisted of the following at April 30:

	2018	2017
Accrued payroll	\$ 30,090	\$ 30,090
Accrued consulting	36,633	75,633
Accrued interest	142,773	815,276
Lease obligation	62,541	62,541
	\$ 272,037	\$ 983,540

NOTE 8 – NOTES PAYABLE*Notes Payable, Currently in Default*

Notes payable, currently in default, consist of the following at April 30:

	2018	2017
Note payable to an unrelated party, maturing March 18, 2014, with interest at 10%	\$ 75,001	\$ 75,001
Note payable to an unrelated party, maturing July 15, 2010, with interest at 10%, extinguished pursuant to Assignment and Assumption Agreement (Note 11)	-	300,000
	\$ 75,001	\$ 375,001

Accrued interest payable on notes payable, currently in default, totaled \$38,384 and \$273,870 at April 30, 2018 and 2017, respectively.

Table of Contents*Convertible Notes Payable, Currently in Default*

Convertible notes payable, currently in default, consist of the following at April 30:

	2018	2017
Note payable to an unrelated party, maturing January 27, 2012, with interest at 25%, convertible into common shares of the Company at \$3.70 per share	\$ 25,000	\$ 25,000
Note payable to an unrelated party, maturing December 31, 2010, with interest at 10%, convertible into common shares of the Company at \$1.00 per share	50,000	50,000
Note payable to an unrelated party, maturing March 1, 2013, with interest at 1.87% per month, convertible into common shares of the Company at \$0.20 per share, repaid in June 2017	-	120,000
Total	75,000	195,000
Less discount	-	-
Total	\$ 75,000	\$ 195,000

Effective June 20, 2017, the Company entered into an agreement to extinguish the \$120,000 convertible note payable and \$119,365 accrued interest payable through the issuance of 16,000,000 shares of the Company's Class A common stock, recognizing a gain on extinguishment of debt of \$114,565.

Accrued interest payable on convertible notes payable, currently in default, totaled \$85,991 and \$190,343 at April 30, 2018 and 2017, respectively.

Current Convertible Notes Payable

Current convertible notes payable consist of the following at April 30:

2018	2017
-------------	-------------

Edgar Filing: MMEX Resources Corp - Form 10-K

Note payable to an accredited investor, maturing November 13, 2018, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price	\$ 111,773	\$ -
Note payable to an accredited investor, maturing January 23, 2019, with interest at 8%, convertible into common shares of the Company at a defined variable exercise price	173,000	-
Note payable to an accredited investor, maturing November 30, 2018, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price	83,000	-
Note payable to an accredited investor, maturing March 14, 2019, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price	125,000	-
Note payable to an accredited investor, maturing March 21, 2019, with interest at 8%, convertible into common shares of the Company at a defined variable exercise price	220,000	-
Note payable to an accredited investor, maturing March 21, 2019, with interest at 10%, convertible into common shares of the Company at a defined variable exercise price	120,000	-
Note payable to an accredited investor, maturing October 19, 2017, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price, extinguished pursuant to a Convertible Note Purchase and Assignment Agreement	-	145,000
Total	832,773	145,000
Less discount	(504,590)	(136,284)
Net	\$ 328,183	\$ 8,716

Table of Contents

Effective April 19, 2017 the Company issued and delivered to JSJ Investments, Inc. a 12% convertible note payable to JSJ Investments, Inc. (“JSJ”) in the principal amount of \$145,000. The note was issued at a discount, resulting in the receipt of \$138,000. The Company could redeem the note at any time prior to 90 days from the issuance date at a redemption price of 120% plus accrued interest. The redemption price thereafter increased to 125%, plus accrued interest, until the 120th day from issuance. The note was due and payable on October 19, 2017 at a redemption price of 150% plus accrued interest. The holder of the note, at its option, could convert the unpaid principal balance and accrued interest into shares of the Company’s Class A common stock at a 40% discount from the lowest trading price during the 20 days prior to conversion. Prior to the 180th day after issuance, the conversion price cannot be less than a floor of \$.03 per share of common stock. The note also contained penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) after 180 days from issuance. Pursuant to a Convertible Note Purchase and Assignment Agreement dated October 16, 2017, Vista Capital Investments, LLC (“Vista”) purchased from JSJ the convertible note with a principal balance of \$145,000 and \$8,723 accrued interest payable. No gain or loss was recognized on this transaction.

Effective May 15, 2017, the Company issued and delivered to Eagle Equities LLC (“Eagle”) an 8% convertible redeemable note in the principal amount of \$115,000. The note was issued at a discount, resulting in the receipt of \$105,000. The Company could redeem the note at any time prior to 90 days from the issuance date at a redemption price of 125% plus accrued interest. The redemption price thereafter increased to 135%, plus accrued interest, until the 120th day from issuance and to 150%, plus accrued interest, until the 180th day from issuance. The note was due and payable on May 15, 2018. During the first 6 months the note is in effect, the holder of the note, at its option, could convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company’s Class A common stock at a fixed price of \$0.03 per share. Beginning the 6 month anniversary of the note, the holder of the note, at its option, could convert the unpaid principal and accrued interest into shares of the Company’s Class A common stock a 40% discount from the average of the three lowest trading prices during the 25 days prior to conversion. The note also contained penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) after 180 days from issuance. Subsequently, Eagle converted \$145,000 principal and \$5,306 accrued interest payable into 21,950,098 total shares of the Company’s Class A common stock, extinguishing in full the convertible note.

Effective May 16, 2017, the Company issued and delivered to Crown Bridge Partners, LLC (“Crown Bridge”) an 8% convertible redeemable note in the principal amount of \$60,000. The note was issued at a discount, resulting in the receipt of \$54,000. The note was due and payable on May 16, 2018. The other terms of the note were identical to the terms of the May 15, 2017 convertible redeemable note payable to Eagle described above. Subsequently, Crown Bridge converted \$60,000 principal and \$2,597 accrued interest payable into 10,733,108 total shares of the Company’s Class A common stock, extinguishing in full the convertible note.

Effective May 24, 2017, the Company issued and delivered to GS Capital Partners, LLC (“GS”) an 8% convertible note in the principal amount of \$173,000. The note was issued at a discount, resulting in the receipt of \$158,000. The note is due and payable on May 24, 2018. The Company can redeem the note at any time prior to 60 days from the issuance date at a redemption price of 118% plus accrued interest. The redemption price thereafter increases to 125%, plus accrued interest, until the 120th day from issuance and then to 133%, plus accrued interest, until the 180th day from

issuance. The note cannot be prepaid after the 180th day after issuance. GS, at its option, could convert the unpaid principal balance and accrued interest into shares of the Company's Class A common stock at a 40% discount from the lowest trading price during the 20 days prior to conversion. Prior to the 180th day after issuance, the conversion price could not be less than a floor of \$.03 per share of common stock. The note also contained penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock). The Company entered into an amendment of the note with GS Capital which extended the redemption period of the note by an additional 75 days, during which period the redemption premium would be 47%. Subsequently, GS converted \$173,000 principal and \$8,320 accrued interest payable into 49,811,490 total shares of the Company's Class A common stock, extinguishing in full the convertible note.

F-18

Table of Contents

In connection with an Equity Purchase Agreement dated June 12, 2017 (Note 12), the Company issued to Crown Bridge, as a commitment fee, an 8% convertible redeemable note in the principal amount of \$80,000. The Company was entitled to redeem the note at a redemption price of 125% plus accrued interest during the first 90 days after issuance. The redemption price was to increase to 135% until the 120th day after issuance and then increase to 150% until the 180th day after issuance, after which the date the note could not be redeemed. If the note was not redeemed or the Company was otherwise in default, Crown Bridge could convert the unpaid balance into shares of the Company's Class A common stock at a conversion price equal to the lesser of (i) the closing price of the Company's Class A common stock on the issuance date of the note or (ii) 60% of the average of the three lowest trading prices during the 25-day period prior to the notice of conversion. Subsequently, Crown Bridge converted \$80,000 principal and \$3,610 accrued interest payable into 19,834,823 total shares of the Company's Class A common stock, extinguishing in full the convertible note.

Effective June 30, 2017, the Company issued and delivered to JSJ a second 12% convertible note payable to JSJ in the principal amount of \$125,000. The note was issued at a discount, resulting in the receipt of \$115,750 after payment of \$3,000 of the fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 90 days from the issuance date at a redemption price of 120% plus accrued interest. The redemption price thereafter increases to 125%, plus accrued interest, until the 120th day from issuance, and thereafter increases to a redemption price of 145% plus accrued interest until the 180th day after issuance and 150% plus accrued interest until the maturity date of March 30, 2018. JSJ, at its option, may convert the unpaid principal balance and accrued interest into shares of the Company's Class A common stock at a price of no lower than \$0.03 per share of common stock until the 180th day after issuance and thereafter at a price 40% discount from the lowest trading prices during the 20 days prior to conversion. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of March 30, 2018. The Company agreed with JSJ to use any proceeds from draws on our prospective equity line of credit or sale of assets to first repay the note issued to JSJ in April 2017 and second to repay the July 7, 2017 note. Subsequently, JSJ converted \$125,000 principal and \$8,765 accrued interest payable into 56,667,265 total shares of the Company's Class A common stock, extinguishing in full the convertible note.

Effective September 1, 2017, the Company issued and delivered to Auctus Fund, LLC ("Auctus") a 12% convertible note in the principal amount of \$115,000. The Company received \$105,000 of note proceeds after payment of \$10,000 of fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 90 days from the issuance date at a redemption price of 125% plus accrued interest. The redemption price thereafter increases to 135%, plus accrued interest, until the 180th day after issuance. Auctus, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company's common stock at a price equal to the lesser of (i) the lowest trading price during the previous 25 trading day period ending on the latest complete trading day prior to the date of the note and (ii) 55% of the average of the two lowest trading prices for the Company's common stock during the 25 trading day period ending on the latest complete trading day prior to the conversion date. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of June 1, 2018. Subsequently, Auctus converted \$115,000 principal and \$7,618 accrued interest payable into 88,660,693 total shares of the Company's Class A common stock, extinguishing in full the convertible note.

Effective September 13, 2017, the Company issued and delivered to Power Up Lending Group Ltd (“Power Up”) a 12% convertible note in the principal amount of \$123,500. The Company received \$112,500 of note proceeds after payment of \$11,000 of fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 30 days from the issuance date at a redemption price of 120% plus accrued interest. The redemption price thereafter increases by an additional 5% each 30 days thereafter until the 180th day after issuance (at which date the note cannot thereafter be prepaid). Power Up, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company’s common stock at a price equal to 61% of the average of the two lowest trading prices for the Company’s common stock during the 20 trading day period ending on the latest complete trading day prior to the conversion date. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of June 20, 2018. Subsequently, Power Up converted \$123,500 principal and \$7,410 accrued interest payable into 57,906,878 total shares of the Company’s Class A common stock, extinguishing in full the convertible note.

Table of Contents

Pursuant to a Convertible Note Purchase and Assignment Agreement dated October 16, 2017 Vista Capital Investments, LLC (“Vista”) purchased from JSJ the April 19, 2017 convertible note with a principal balance of \$145,000 and \$8,723 accrued interest payable. The Company issued a replacement convertible note to Vista dated October 16, 2017 in the principal amount of \$153,723, maturing on April 19, 2017. No gain or loss was recognized on this transaction. A one-time 12% interest charge of \$18,447 and a penalty of \$10,000 were also added to the note principal, resulting in total note principal of \$182,170. Terms of the convertible note include certain penalties for additional principal and changes in conversion prices when the trading price of the Company’s common stock decreases to defined levels. Vista, at its option, could convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company’s common stock at a 40% discount from the lowest trading price during the 20 days prior to conversion. The Company could prepay the note at a 45% redemption premium during the first 90 days after issuance. Subsequently, Vista converted \$182,170 principal into 33,836,872 total shares of the Company’s Class A common stock, extinguishing in full the convertible note.

Effective November 13, 2017, the Company issued and delivered to Power Up a second 8% convertible note in the principal amount of \$111,773. The note was issued at a discount, resulting in the Company’s receipt of \$97,000 after payment of \$3,000 of the fees and expenses of the lender and its counsel. Power Up, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company’s common stock (i) during the first 180 days, at a price of \$.03 per share of common stock and (ii) thereafter at a 40% discount from the average of the three lowest trading price during the 25 days prior to conversion. The Company may prepay the note at a 18% redemption premium during the first 60 days after issuance, increasing to 25% after 120 days from issuance and 33% after 180 days from issuance. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of November 14, 2018. The note had a principal balance of \$111,773 as of April 30, 2018.

Effective January 19, 2018, the Company issued and delivered to GS a second 8% convertible note in the principal amount of \$173,000. The note was issued at a discount, resulting in the Company’s receipt of \$150,000 after payment of \$8,000 of the fees and expenses of the lender and its counsel. GS, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of common stock (i) during the first 180 days, at a price of \$.03 per share of common stock and (ii) thereafter at a 40% discount from the average of the three lowest trading price during the 25 days prior to conversion. The note matures on January 23, 2019. The Company may redeem the note at redemption prices ranging from 118% to 133% during the first 180 days after issuance. The note had a principal balance of \$173,000 as of April 30, 2018.

Effective February 16, 2018, the Company issued and delivered to Power Up a third convertible note in the principal amount of \$83,000. The note bears interest at an annual rate of 12% and the Company received proceeds of \$80,000 after payment of \$3,000 of the fees and expenses of the lender and its counsel. Power Up, at its option beginning August 15, 2018, may convert the unpaid principal balance of, and accrued interest on, the note into shares of the Company’s common stock at a 39% discount from the average of the two lowest trading price during the 20 days prior to conversion. The Company may prepay the note at a 20% redemption premium during the first 30 days after issuance, increasing to 25% after 30 days from issuance, 33% after 60 days from issuance, 35% after 90 days from issuance, 40% after 120 days from issuance and 45% after 150 days from issuance. After the expiration of 180 days

after issuance, the Company has no right of prepayment. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of November 30, 2018. The note had a principal balance of \$83,000 as of April 30, 2018.

Table of Contents

Effective March 14, 2018, the Company issued and delivered to JSJ a third 12% convertible note payable to JSJ in the principal amount of \$125,000. The note was issued at a discount, resulting in the Company's receipt of \$115,750 after payment of \$3,000 of the fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 90 days from the issuance date at a redemption price of 120% plus accrued interest. The redemption price thereafter increases to 125%, plus accrued interest, until the 120th day from issuance, and thereafter increases to a redemption price of 145% plus accrued interest until the 180th day after issuance and 150% plus accrued interest until the maturity date of March 14, 2019. JSJ, at its option, may convert the unpaid principal balance and accrued interest into shares of the Company's Class A common stock at a price of no lower than \$0.03 per share of common stock until the 180th day after issuance and thereafter at a price 40% discount from the lowest trading price during the 20 days prior to conversion. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of March 14, 2019. The note had a principal balance of \$125,000 as of April 30, 2018.

Effective March 21, 2018, the Company issued and delivered to Auctus a second convertible note in the principal amount of \$220,000 and bearing interest at 8%. The Company received \$202,000 of note proceeds after payment of \$18,000 of the fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 90 days from the issuance date at a redemption price of 130% plus accrued interest. The redemption price thereafter increases to 145%, plus accrued interest, until the 180th day after issuance. Auctus, at its option, may convert the unpaid principal balance and accrued interest into shares of the Company's Class A common stock at a price of no lower than \$0.03 per share of common stock until the 180th day after issuance and thereafter at a 45% discount from the average of the two lowest trading prices during the 25 days prior to conversion. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of March 21, 2019. The note had a principal balance of \$220,000 as of April 30, 2018.

Effective March 21, 2018, the Company issued and delivered to One44 Capital LLC ("One44") a 10% convertible note in the principal amount of \$120,000. The Company received \$114,000 of note proceeds after payment of \$6,000 of the fees and expenses of the lender and its counsel. The Company can redeem the note at any time prior to 60 days from the issuance date at a redemption price of 130% of principal and accrued interest. The redemption price thereafter increases to 140% of principal and accrued interest, after 60 days until 120 days from the issuance date and 145% of principal and accrued interest after 120 days until the 180 days after issuance. One44, at its option, may convert the unpaid principal balance and accrued interest into shares of the Company's Class A common stock at a 40% discount from the lowest trading price during the prior 20 trading days including the day the notice of conversion is received by the Company, with a floor of \$0.03 per share until the 180th day after issuance. The note also contains penalty provisions in the event of default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of March 21, 2019. The note had a principal balance of \$120,000 as of April 30, 2018.

Table of Contents*Long-Term Convertible Notes Payable*

Long-term convertible notes payable consist of the following at April 30, 2018:

Note payable to an accredited investor, maturing two years from each advance, with an original issue discount equal to 10% and a one-time interest charge of 12% added to principal, convertible into common shares of the Company at a defined variable exercise price:	
Advance dated October 19, 2017, maturing October 19, 2019	\$ 183,580
Advance dated December 14, 2017, maturing December 14, 2019	123,200
Advance dated February 28, 2018, maturing February 28, 2020	54,520
Total	361,300
Less discount	258,932
Total	\$ 102,368

The long-term convertible notes payable at April 30, 2018 are comprised of three advances under a long-term convertible note to Vista. Effective October 19, 2017, the Company issued and delivered to Vista a convertible note in the original maximum principal amount of \$550,000 (consisting of an initial advance of \$165,000 on such date and possible future advances). An original issue discount equal to 10% of each advance will be added to principal. The maturity date of advances under the convertible note is two years from the date of each advance. Terms of the convertible note include certain penalties for additional principal and changes in conversion prices when the trading price of the Company's common stock decreases to defined levels.

The initial advance was issued at a discount, resulting in the receipt of \$160,000, net of legal fees paid of \$5,000. The Company paid \$65,000 of proceeds to JSJ as a prepayment penalty for the first JSJ note purchased by Vista. In addition, an original issue discount of \$16,500 and a one-time 12% interest charge of \$21,780 was added to the note principal at inception and a \$10,000 penalty was added to note principal in December 2017, resulting in total principal of \$213,280. Through April 30, 2018, Vista converted principal of \$29,700 into 16,500,000 total Class A common shares, resulting in a principal balance of \$183,580 as of April 30, 2018.

Table of Contents

On December 14, 2017, the Company received proceeds of \$100,000 from a second advance under the Vista long-term convertible note. An original issue discount of \$10,000 and a one-time 12% interest charge of \$13,200 was added to the note principal, resulting in total principal of \$123,200, which balance was outstanding as of April 30, 2018.

On February 28, 2018, the Company received proceeds of \$232,500, net of legal fees paid of \$2,500, from a third advance under the Vista long-term convertible note. An original issue discount of \$23,500 and a one-time 12% interest charge of \$31,020 was added to the note principal, resulting in total principal of \$289,520. Through April 30, 2018, Vista converted principal of \$235,000 into 144,739,169 total Class A common shares, resulting in a principal balance of \$54,520 as of April 30, 2018.

As of April 30, 2018, total principal balance under the Vista long-term convertible note was \$361,300 with a total debt discount of \$258,932, resulting in a net balance of \$102,368.

Accrued interest payable on convertible notes payable totaled \$24,805 and \$524 at April 30, 2018 and 2017, respectively.

The Company has identified the conversion feature of its convertible notes payable as a derivative and estimated the fair value of the derivative using a multinomial lattice model simulation and assuming the existence of a tainted equity environment (see Note 10).

NOTE 9 – CONVERTIBLE PREFERRED STOCK

As of April 30, 2017, the Company had \$137,500 face value of Armadillo Mining Corporation preferred stock issued in June 2011 to two unrelated parties, with accrued dividends payable of \$350,539. The preferred stock carried a 25% cumulative dividend and had a mandatory redemption feature on December 31, 2011 at a price of \$1.25 per share.

Effective June 19, 2017, the Company entered into agreements with the holders of the outstanding convertible preferred stock pursuant to which \$137,500 principal, \$359,957 accrued dividends payable and \$5,614 derivative liabilities were extinguished through the issuance of a total of 24,750,000 shares of the Company's Class A common stock, recognizing a gain on extinguishment of debt of \$302,595.

In connection with the settlement of the preferred stock on June 19, 2017, the Company issued 11,250,000 shares of its Class A common stock to a non-related consultant. The shares were valued at \$91,125, based on the closing market price of the stock on the date of issuance, and included in general and administrative expenses.

NOTE 10 – DERIVATIVE LIABILITIES

In a series of subscription agreements, the Company issued warrants that contain certain anti-dilution provisions that have been identified as derivatives. In addition, the Company identified the conversion feature of certain convertible notes payable and convertible preferred stock as derivatives. As of April 30, 2018, the number of warrants or common shares to be issued under these agreements is indeterminate; therefore, the Company concluded that the equity environment is tainted and all additional warrants and convertible debt are included in the value of the derivative.

The Company estimates the fair value of the derivative liabilities at the issuance date and at each subsequent reporting date, 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.

Table of Contents

During the years ended April 30, 2018 and 2017, we had the following activity in our derivative liabilities:

	Warrants	Convertible Notes	Preferred Stock	Total
Balance, April 30, 2016	\$ 395,619	\$ -	\$ -	\$ 395,619
New issuances of debt	-	208,782	-	208,782
Note conversions	-	(100,127)	-	(100,127)
Change in fair value of derivative liabilities	5,904,051	196,020	5,656	6,105,727
Balance, April 30, 2017	6,299,670	304,675	5,656	6,610,001
New issuances of debt	-	1,927,676	-	1,927,676
Debt conversions and warrant exercises	(1,906,006)	(1,024,983)	(5,614)	(2,936,603)
Change in fair value of derivative liabilities	(4,302,892)	(301,537)	(42)	(4,604,471)
Balance, April 30, 2018	\$ 90,772	\$ 905,831	\$ -	\$ 996,603

Key inputs and assumptions used in valuing the Company's derivative liabilities as of April 30, 2018 are as follows:

- 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.

NOTE 11 – ASSIGNMENT AND ASSUMPTION AGREEMENT

On September 1, 2016, the Company entered into a stock assignment agreement with LatAm Services, LLC (“LatAm”), whose members are officers and directors of the Company, pursuant to which LatAm acquired MCCH, a wholly owned subsidiary of the Company, and MCC and CC, majority owned subsidiaries of MCCH (see Note 1). On September 18, 2017, the Company, the members of LatAm and William B. Short (“Short”), an unrelated individual, entered into an Assignment and Assumption Agreement pursuant to which Short acquired the member interests in LatAm, thereby acquiring all the assets and assuming all the liabilities of MCCH, MCC and CC. Prior to the Assignment and Assumption Agreement with Short on September 18, 2017, the accounts of MCCH, MCC and CC were consolidated with those of the Company and its other subsidiaries.

F-24

Table of Contents

The following is a summary of the accounts purchased or assumed by Short (there was no book value to the assets):

Liabilities assumed:	
Accounts payable	\$ 95,655
Accrued expenses	254,575
Note payable, currently in default	300,000
Total liabilities assumed	650,230
Additional paid- in capital	550,041
Total	1,200,271
Value of common shares issued	(110,000)
Gain	\$ 1,090,271

Short agreed to assume all liabilities and hold the Company harmless from any and all liabilities (contingent or otherwise). In consideration therefor, the Company issued Short 10,000,000 shares of its Class A common stock, valued at \$110,000, or \$0.011 per share, equal to the market value of the stock on the date of the agreement, which amount was recorded as reduction in the gain recognized. With the acquisition of these subsidiaries by LatAm and subsequently by Short, MMEX has exited the Hunza coal project to focus on energy related projects under its new business plan.

NOTE 12 – EQUITY PURCHASE AGREEMENT

On June 12, 2017, the Company entered into an Equity Purchase Agreement with Crown Bridge. Pursuant to the terms of the Equity Purchase Agreement, Crown Bridge committed to purchase up to \$3,000,000 of our common stock for a period of up to 24 months commencing upon the effectiveness of a registration statement covering the resale of shares issuable to Crown Bridge under the Equity Purchase Agreement. The Equity Purchase Agreement allowed the Company to deliver a put notice to Crown Bridge stating the dollar amount of common stock that it intends to sell to Crown Bridge on the date specified in the put notice. The amount of each put notice is limited to a formula that is equal to the lesser of (i) \$100,000 or (ii) 150% of the average dollar value of the trading volume of the Company's stock, measured at the lowest price during the trading period, for the seven days prior to the purchase of shares by Crown Bridge. The purchase price of shares issued in respect of each put notice is 80% of the average of the three lowest trading prices in the seven trading days immediately preceding the date on which the Company exercises its put right.

On February 14, 2018, March 19, 2018 and April 2, 2018, the Company delivered put notices to Crown Bridge pursuant to the Equity Purchase Agreement. A total of 130,095,970 Class A common shares were issued to Crown Bridge for total net cash proceeds of \$284,371. A fourth put notice, dated April 6, 2018, was delivered to Crown Bridge for 98,947,321 Class A common shares that has not yet been funded but which Crown Bridge has covenanted

to fulfill. The Company's right to deliver further put notices under the Equity Purchase Agreement was terminated on April 10, 2018, when the listing of our Class A common stock was moved to the OTC Pink.

NOTE 13 – STOCKHOLDERS' DEFICIT

Authorized Shares

On March 31, 2017, the Company amended its articles of incorporation to provide for an increase in the authorized shares of common stock from 3,000,000,000 to 5,000,000,000 shares. In addition, the articles of incorporation were 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 were reclassified as Class A Shares, except that the common shares issued in the refinery transaction discussed in Note 6 were classified as 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.

Table of Contents

On January 26, 2018, shareholders owning in excess of 50.1% of the outstanding shares of voting common stock of the Company executed a written consent approving an amendment to Article IV of the Amended and Restated Articles of Incorporation of the Company to increase the number of authorized shares of Class A Common Stock of the Company to 12,000,000,000 shares. The effective date of such consent, and the related filing of the amendment with the Secretary of State of Nevada, was February 16, 2018.

Stock Issuances

During the year ended April 30, 2018, the Company issued a total of 1,139,820,667 shares of its Class A common stock: 130,095,970 shares for cash of \$284,371 pursuant to an Equity Purchase Agreement (Note 12); 62,846,918 shares for common stock payable of \$307,978; 40,042,795 shares for services valued at \$320,693; 440,000 shares valued at \$4,400 in payment of accrued expenses of \$44,000 resulting in a gain on extinguishment of debt of \$39,600; 355,004,588 shares valued at \$1,906,006 in the cashless exercise of warrants and extinguishment of derivative liabilities of \$1,906,006; 24,750,000 shares valued at \$200,476 in the extinguishment of preferred stock of \$137,500, accrued interest payable of \$359,957 and derivative liabilities of \$5,614 resulting in a gain on extinguishment of debt of \$302,595; 16,000,000 shares valued at \$124,800 in the extinguishment of a convertible note payable of \$120,000 and accrued interest payable of \$119,365 resulting in a gain on extinguishment of debt of \$114,565; 10,000,000 shares valued at \$110,000 pursuant to an Assignment and Assumption Agreement (Note 11) and 500,640,396 shares valued at \$2,373,662 in conversion of convertible notes principal of \$1,238,371, accrued interest payable of \$43,687, derivative liabilities of \$1,024,983, fees of \$750 and loss on conversion of \$65,871.

During the year ended April 30, 2017, the Company issued a total of 807,184,154 shares of its Class A common stock: 39,394,400 shares for cash of \$76,369; 236,784,319 shares for common stock payable of \$3,064,332; 489,000,000 shares valued at \$184,909 in conversion of a convertible note payable and reduction in related derivative liabilities; 2,082,190 shares valued at \$416 for accrued expenses; 28,625,000 valued at \$5,725 for accounts payable; 4,298,245 shares valued at \$98,535 for services and 7,000,000 shares valued at \$34,300 for interest expense.

As further discussed in Note 6, on March 4, 2017, the Company entered into an agreement with Maple Resources, a related party, to acquire all of Maple Resource's right, title and interest in plans (the "Rights") to build a crude oil refinery in Pecos County, Texas. The Company issued 1,500,000,000 Class B common shares to Maple to acquire the rights. The shares were valued at \$150,000 by an independent valuation firm, with the \$150,000 expensed to refinery start-up costs.

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. Effective June 1, 2017, the holders of the options surrendered them to the Company and the options were cancelled.

The Company did not grant any stock options during the years ended April 30, 2018 and 2017.

F-26

Table of Contents

A summary of stock option activity during the years ended April 30, 2018 and 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, April 30, 2017	2,000,000	\$ 0.35	4.85
Granted	-	-	
Canceled / Expired	(2,000,000)	\$ 0.35	
Exercised	-	-	
Outstanding, April 30, 2018	-	\$ -	-

Warrants

The Company has issued warrants to investors in a series of subscription agreements in equity financings or for other stock-based compensation. Certain of the warrants contain anti-dilution provisions that the Company has 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 and considering the existence of a tainted equity environment (see Note 10).

A summary of warrant activity during the years ended April 30, 2018 and 2017 is presented below:

Shares	Weighted Average	Weighted Average
--------	---------------------	---------------------

		Exercise Price	Remaining Contractual Life (Years)
Outstanding, April 30, 2016	11,522,170	\$ 0.01	5.91
Granted	383,739,041	\$ 0.01	
Canceled / Expired	-	-	
Exercised	-	-	
Outstanding and exercisable, April 30, 2017	395,261,211	\$ 0.01	4.91
Granted	30,689,567	\$ 0.01	
Canceled / Expired	(210,000)	\$ 0.01	
Exercised	(353,360,492)	\$ 0.01	
Outstanding and exercisable, April 30, 2018	72,380,286	\$ 0.01	3.90

Table of Contents

The warrant shares granted during the year ended April 30, 2018 are comprised of warrant shares issued to warrant holders pursuant to anti-dilution provisions.

The 353,359,992 warrant shares exercised were pursuant to the cashless exercise of warrants and extinguishment of derivative liabilities of \$1,906,006.

Common Stock Reserved

At April 30, 2018, 72,380,286 shares of the Company's Class A common stock were reserved for issuance of outstanding warrants and 3,682,901,563 shares of the Company's Class A common stock were reserved for convertible notes payable.

NOTE 14 – INCOME TAXES

The Company accounts for income taxes in accordance with standards of disclosure propounded by the FASB, and any related interpretations of those standards sanctioned by the FASB. Accordingly, deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities, as well as a consideration of net operating loss and credit carry forwards, using enacted tax rates in effect for the period in which the differences are expected to impact taxable income. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized.

No provision for income taxes has been recorded due to the net operating loss carryforwards totaling approximately \$10,800,000 as of April 30, 2018 that will be offset against future taxable income. The available net operating loss carry forwards expire in various years through 2038. No tax benefit has been reported in the financial statements because the Company believes there is a 50% or greater chance the carry forwards will expire unused. There were no uncertain tax positions taken by the Company.

The deferred tax asset and valuation account is as follows at April 30:

	2018	2017
Deferred tax asset:		

Edgar Filing: MMEX Resources Corp - Form 10-K

Net operating loss carryforward	\$	3,915,943	\$	3,373,482
Valuation allowance		(3,915,943)		(3,373,482)
Total	\$	-	\$	-

The components of income tax expense are as follows for the years ended April 30:

	2018		2017	
Change in net operating loss benefit	\$	542,461	\$	217,716
Change in valuation allowance		(542,461)		(217,716)
Total	\$	-	\$	-

F-28

Table of Contents

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Legal

There were no legal proceedings against the Company.

Completion of Land Purchase

As discussed in Note 6, on July 28, 2017, we acquired the 126 acre parcel of the land, which is the site for our planned Distillation Unit, and negotiations are underway with the seller of the property to acquire an additional 381 acre parcel, which is the site for the planned Large Refinery, at a price of \$550 per acre, or approximately \$210,000. We will be required to obtain additional financing to complete this purchase. We have not yet received any financing commitment for such purchase.

NOTE 16 – SUBSEQUENT EVENTS

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

Effective May 1, 2018, the Company issued and delivered to Power Up a fourth 12% convertible note in the principal amount of \$78,000. After deducting \$3,000 of lender expenses, the financing provided \$65,000 of net proceeds to us. The holder of the note, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of common stock at a 39% discount from the average of the two lowest trading price during the 20 days prior to conversion. The Company may prepay the note at a 20% redemption premium during the first 30 days after issuance, increasing in 5% increments each 30 day period thereafter until 180 days from issuance, after which the note may not be prepaid. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of February 15, 2019.

Effective July 10, 2018, the Company issued and delivered to Power Up a fifth 12% convertible note in the principal amount of \$68,000. After deducting \$3,000 of lender expenses, the financing provided \$75,000 of net proceeds to us. The holder of the note, at its option, may convert the unpaid principal balance of, and accrued interest on, the note into shares of common stock at a 39% discount from the average of the two lowest trading prices during the 20 days prior

to conversion. The Company may prepay the note at a 20% redemption premium during the first 30 days after issuance, increasing in 5% increments each 30-day period thereafter until 180 days from issuance, after which the note may not be prepaid. The note also contains penalty provisions in the event of our default in repayment of the note (if not converted by the holder into shares of common stock) on the maturity date of February 15, 2019.

Subsequent to April 30, 2018, the Company issued a total of 179,446,498 shares of its Class A common stock: 7,565,255 shares for compensation valued at \$29,078 and a total of 171,881,243 shares in consideration for the conversion of note payable principal totaling \$245,069 and accrued interest payable of \$4,032.