

MMEX Resources Corp
Form 10-Q
December 12, 2017

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

Form 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2017

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

For the transition period from _____ to _____.

Commission file number: 333-152608

MMEX RESOURCES CORPORATION

(Exact name of Issuer as specified in its charter)

Nevada
(State or other Jurisdiction of

26-1749145
(I.R.S. Employer

Edgar Filing: MMEX Resources Corp - Form 10-Q

Incorporation or Organization)

Identification No.)

3616 Far West Blvd. #117-321

Austin, Texas 78731

(Address of principal executive offices,
including zip code)

855-880-0400

(Issuer's telephone number, including area
code)

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

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)

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

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

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

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of December 12, 2017 there were 1,537,342,476 shares of Class A common stock, \$0.001 par value, issued and outstanding and 1,500,000,000 shares of Class B common stock, \$0.001 par value, issued and outstanding.

MMEX RESOURCES CORPORATION

TABLE OF CONTENTS

QUARTER ENDED OCTOBER 31, 2017

PART I – FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Financial Statements</u>	4
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
<u>Item 4.</u>	<u>Controls and Procedures</u>	30

PART II – OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	32
<u>Item 1A.</u>	<u>Risk Factors</u>	32
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	32
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	32
<u>Item 5.</u>	<u>Other Information</u>	32
<u>Item 6.</u>	<u>Exhibits</u>	33

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

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

Operating results and cash flows for any interim period are not necessarily indicative of the results that may be expected for other interim periods or the full fiscal year. These condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Form 10-K for the year ended April 30, 2017 filed with the Securities and Exchange Commission (“SEC”).

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

	October 31,	April 30,
	2017	2017
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 50,297	\$ 54,513
Total current assets	50,297	54,513
Property and equipment, net	101,203	-
Deposit	900	-
Total assets	\$ 152,400	\$ 54,513
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 715,221	\$ 694,664
Accrued expenses	232,720	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 October 31, 2017 and April 30, 2017, respectively	75,000	195,000
Convertible notes payable, net of discount of \$628,608 and \$136,284 at October 31, 2017 and April 30, 2017, respectively	335,062	8,716
Convertible preferred stock	-	137,500
Derivative liabilities	1,789,047	6,610,001
Total current liabilities	3,253,684	9,004,422
Long-term liabilities:		
Convertible note payable, net of discount of \$181,003 at October 31, 2017	3,797	-
Total liabilities	3,257,481	9,004,422
Commitments and contingencies		
Stockholders' deficit:		
Common stock; \$0.001 par value:		
Class A: 3,000,000,000 shares authorized, 1,474,263,078 and 987,616,168 shares issued and outstanding at October 31, 2017 and April 30, 2017, respectively	1,474,264	987,617

Edgar Filing: MMEX Resources Corp - Form 10-Q

Class B: 2,000,000,000 shares authorized, 1,500,000,000 shares issued and outstanding at October 31, 2017 and April 30, 2017, respectively	1,500,000	1,500,000
Common stock payable	-	307,978
Additional paid-in capital	27,395,630	25,551,533
Non-controlling interest	272,216	(378,443)
Accumulated (deficit)	(33,747,191)	(36,918,594)
Total stockholders' deficit	(3,105,081)	(8,949,909)
Total liabilities and stockholders' deficit	\$ 152,400	\$ 54,513

See accompanying notes to condensed consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Condensed Consolidated Statements of Operations****(Unaudited)**

	Three Months Ended		Six Months Ended	
	October 31, 2017	October 31, 2016	October 31, 2017	October 31, 2016
Revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
General and administrative expenses	132,581	102,651	470,711	126,241
Refinery start-up costs	165,420	-	498,531	-
Depreciation and amortization	417	62	707	386
Total operating expenses	298,418	102,713	969,949	126,627
Loss from operations	(298,418)	(102,713)	(969,949)	(126,627)
Other income (expense):				
Interest expense	(431,793)	(80,700)	(726,401)	(116,939)
Gain (loss) on derivative liabilities	(514,129)	(52,587)	3,952,554	33,108
Gain on assignment and assumption agreement	1,090,271	-	1,090,271	-
Gain on extinguishment of debt	-	-	475,587	-
Total other income (expense)	144,349	(133,287)	4,792,011	(83,831)
Income (loss) before income taxes	(154,069)	(236,000)	3,822,062	(210,458)
Provision for income taxes	-	-	-	-
Net income (loss)	(154,069)	(236,000)	3,822,062	(210,458)
Non-controlling interest in (income) loss of consolidated subsidiaries	(651,005)	453	(650,659)	915
Net income (loss) attributable to the Company	\$ (805,074)	\$ (235,547)	\$ 3,171,403	\$ (209,543)

Net income (loss) per common share – basic and diluted	\$	(0.00)	\$	(0.00)	\$	0.00	\$	(0.00)
Weighted average number of common shares outstanding:								
Basic and diluted		1,468,936,991		376,528,409		1,396,834,000		373,973,860
Diluted		1,468,936,991		376,528,409		1,467,161,534		373,973,860

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended October 31,	
	2017	2016
Cash flows from operating activities:		
Net income (loss) attributable to the Company	\$ 3,171,403	\$ (209,543)
Non-controlling interest in income (loss) of consolidated subsidiaries	650,659	(915)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	707	386
Stock-based compensation	227,125	47,254
Convertible note payable issued for commitment fee	80,000	-
Interest expense added to convertible note principal	38,247	-
Gain on derivative liabilities	(3,952,554)	(33,108)
Gain on assignment and assumption agreement	(1,090,271)	-
Gain on extinguishment of debt	(475,587)	-
Amortization of debt discount	475,143	-
Increase in deposits	(900)	-
Increase in liabilities:		
Accounts payable	135,039	90,766
Accrued expenses	67,433	71,955
Net cash used in operating activities	(673,556)	(33,205)
Cash flows from investing activities:		
Purchase of property and equipment	(101,910)	-
Net cash used in investing activities	(101,910)	-
Cash flows from financing activities:		
Proceeds from convertible notes payable	771,250	-
Proceeds from common stock payable	-	32,384
Net cash provided by financing activities	771,250	32,384
Net increase (decrease) in cash	(4,216)	(821)
Cash at the beginning of the period	54,513	1,030
Cash at the end of the period	\$ 50,297	\$ 209
Supplemental disclosure:		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Common stock for common stock payable	307,978	2,935,000

Edgar Filing: MMEX Resources Corp - Form 10-Q

Settlement of convertible preferred stock and accrued interest for common stock	200,476	-
Common stock and additional paid-in capital for derivative liabilities in cashless exercise of warrants	1,906,006	-
Common stock for accrued expenses	4,400	-
Settlement of convertible notes payable and accrued interest for common stock	124,800	-
Derivative liabilities for debt discount	1,043,220	-