

MMEX Resources Corp
Form 10-Q
December 14, 2018

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, 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: 000-55831

MMEX RESOURCES CORPORATION

(Exact name of Issuer as specified in its charter)

Nevada
(State or other Jurisdiction of

26-1749145
(I.R.S. Employer

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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

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:

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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 14, 2018, there were 30,804,033 shares of Class A common stock, \$0.001 par value, issued and outstanding and 15,000,000 shares of Class B common stock, \$0.001 par value, issued and outstanding.

MMEX RESOURCES CORPORATION

TABLE OF CONTENTS

QUARTER ENDED OCTOBER 31, 2018

PART I – FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Financial Statements</u>	3
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
<u>Item 4.</u>	<u>Controls and Procedures</u>	32

PART II – OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	34
<u>Item 1A.</u>	<u>Risk Factors</u>	34
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	34
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	34
<u>Item 5.</u>	<u>Other Information</u>	34
<u>Item 6.</u>	<u>Exhibits</u>	35

Table of Contents

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, 2018 filed with the Securities and Exchange Commission (“SEC”).

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

	October 31,	April 30,
	2018	2018
	(Unaudited)	
Assets		
Current assets:		
Cash	\$ 306,036	\$ 304,173
Prepaid expenses and other current assets	-	5,000
Total current assets	306,036	309,173
Property and equipment, net	531,663	301,269
Deposit	900	900
Total assets	\$ 838,599	\$ 611,342
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 979,560	\$ 708,072
Accrued expenses	252,105	240,404
Accrued expenses – related party	31,633	31,633
Note payable, currently in default	75,001	75,001
Convertible notes payable, currently in default, net of discount of \$0 and \$0 at October 31, 2018 and April 30, 2018, respectively	75,000	75,000
Convertible notes payable, net of discount of \$747,040 and \$504,590 at October 31, 2018 and April 30, 2018, respectively	530,954	328,183
Derivative liabilities	1,335,860	996,603
Total current liabilities	3,280,113	2,454,896
Long-term liabilities:		
Convertible note payable, net of discount of \$276,150 and \$258,932 at October 31, 2018 and April 30, 2018, respectively	93,450	102,368
Total liabilities	3,373,563	2,557,264
Commitments and contingencies		
Stockholders' deficit:		
Common stock; \$0.001 par value:	29,607	21,274

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Class A: 12,000,000,000 shares authorized, 29,607,693 and 21,274,369 shares issued and outstanding at October 31, 2018 and April 30, 2018, respectively		
Class B: 2,000,000,000 shares authorized, 15,000,000 shares issued and outstanding at October 31, 2018 and April 30, 2018, respectively	15,000	15,000
Additional paid-in capital	34,606,311	33,085,221
Non-controlling interest	9,871	9,871
Accumulated (deficit)	(37,195,753)	(35,077,288)
Total stockholders' deficit	(2,534,964)	(1,945,922)
Total liabilities and stockholders' deficit	\$ 838,599	\$ 611,342

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, 2018	October 31, 2017	October 31, 2018	October 31, 2017
Revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
General and administrative expenses	349,283	132,581	749,531	470,711
Refinery start-up costs	154,813	165,420	316,645	498,531
Depreciation and amortization	573	417	1,144	707
Total operating expenses	504,669	298,418	1,067,320	969,949
Loss from operations	(504,669)	(298,418)	(1,067,320)	(969,949)
Other income (expense):				
Interest expense	(648,113)	(431,793)	(1,055,110)	(726,401)
Gain (loss) on derivative liabilities	7,787	(514,129)	4,911	3,952,554
Gain on extinguishment of liabilities	10,168	-	8,916	475,587
Loss on conversion of debt	(9,862)	-	(9,862)	-
Gain on assignment and assumption agreement	-	1,090,271	-	1,090,271
Total other income (expense)	(640,020)	144,349	(1,051,145)	4,792,011
Income (loss) before income taxes	(1,144,689)	(154,069)	(2,118,465)	3,822,062
Provision for income taxes	-	-	-	-
Net income (loss)	(1,144,689)	(154,069)	(2,118,465)	3,822,062
Non-controlling interest in (income) loss of consolidated subsidiaries	-	(651,005)	-	(650,659)
Net income (loss) attributable to the Company	\$ (1,144,689)	\$ (805,074)	\$ (2,118,465)	\$ 3,171,403
Net income (loss) per common share: - basic and diluted				

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Basic	\$	(0.04)	\$	(0.05)	\$	(0.09)	\$	0.23
Diluted	\$	(0.04)	\$	(0.05)	\$	(0.09)	\$	0.22
Weighted average number of common shares outstanding:								
Basic		26,928,849		14,689,370		24,880,654		13,968,340
Diluted		26,928,849		14,689,370		24,880,654		14,671,616

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	2018	2017
	October 31,	
	2018	2017
Cash flows from operating activities:		
Net income (loss) attributable to the Company	\$ (2,118,465)	\$ 3,171,403
Non-controlling interest in loss of consolidated subsidiaries	-	650,659
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	1,144	707
Interest expense added to convertible note principal	39,600	38,247
Stock-based compensation	62,058	227,125
Loss (gain) on derivative liabilities	(4,911)	(3,952,554)
Gain on assignment and assumption agreement	-	(1,090,271)
Gain on extinguishment of liabilities	(8,916)	(475,587)
Loss on conversion of debt	9,862	-
Amortization of debt discount	808,963	475,143
Convertible note payable issued for commitment fee	-	80,000
Decrease in prepaid expenses	5,000	-
Increase in deposits	-	(900)
Increase in liabilities:		
Accounts payable	271,488	135,039
Accrued expenses	60,136	67,433
Net cash used in operating activities	(874,041)	(673,556)
Cash flows from investing activities:		
Purchase of property and equipment	(231,538)	(101,910)
Net cash used in investing activities	(231,538)	(101,910)
Cash flows from financing activities:		
Proceeds from convertible notes payable	1,194,190	771,250
Proceeds from stock subscriptions receivable	116,252	-
Repayments of convertible notes payable	(203,000)	-
Net cash provided by financing activities	1,107,442	771,250
Net increase (decrease) in cash	1,863	(4,216)
Cash at the beginning of the period	304,173	54,513
Cash at the end of the period	\$ 306,036	\$ 50,297

Supplemental disclosure: