

MMEX Resources Corp
Form 10-Q
September 07, 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 July 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)

Edgar Filing: MMEX Resources Corp - Form 10-Q

Nevada
(State or other Jurisdiction of

26-1749145
(I.R.S. Employer

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	..	Accelerated filer	..
Non-accelerated filer	..	Smaller reporting company	x
(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 September 7, 2018 there were 2,602,022,596 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 JULY 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>	22
<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

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**

	July 31, 2018 (Unaudited)	April 30, 2018
Assets		
Current assets:		
Cash	\$ 18,297	\$ 304,173
Prepaid expenses and other current assets	2,500	5,000
Total current assets	20,797	309,173
Property and equipment, net	300,698	301,269
Deposit	900	900
Total assets	\$ 322,395	\$ 611,342
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 783,250	\$ 708,072
Accrued expenses	273,236	240,404
Accrued expenses – related party	34,133	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 July 31, 2018 and April 30, 2018, respectively	75,000	75,000
Convertible notes payable, net of discount of \$395,315 and \$504,590 at July 31, 2018 and April 30, 2018, respectively	433,685	328,183
Derivative liabilities	882,135	996,603
Total current liabilities	2,556,440	2,454,896
Long-term liabilities:		
Convertible note payable, net of discount of \$119,885 and \$258,932 at July 31, 2018 and April 30, 2018, respectively	88,119	102,368
Total liabilities	2,644,559	2,557,264
Commitments and contingencies		
Stockholders' deficit:		
Common stock; \$0.001 par value:	2,442,726	2,127,437

Edgar Filing: MMEX Resources Corp - Form 10-Q

Class A: 12,000,000,000 shares authorized, 2,442,726,284 and 2,127,436,835 shares issued and outstanding at July 31, 2018 and April 30, 2018, respectively

Class B: 2,000,000,000 shares authorized, 1,500,000,000 shares issued and outstanding at July 31, 2018 and April 30, 2018, respectively

	1,500,000	1,500,000
Stock subscriptions receivable	(116,252)	-
Additional paid-in capital	29,892,555	29,494,058
Non-controlling interest	9,871	9,871
Accumulated (deficit)	(36,051,064)	(35,077,288)
Total stockholders' deficit	(2,322,164)	(1,945,922)
Total liabilities and stockholders' deficit	\$ 322,395	\$ 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 July 31,	
	2018	2017
Revenues	\$ -	\$ -
Operating expenses:		
General and administrative expenses	400,248	338,130
Refinery start-up costs	161,832	333,111
Depreciation and amortization	571	290
Total operating expenses	562,651	671,531
Loss from operations	(562,651)	(671,531)
Other income (expense):		
Interest expense	(406,997)	(294,608)
Gain (loss) on derivative liabilities	(2,876)	4,466,683
Gain (loss) on extinguishment of liabilities	(1,252)	475,587
Total other income (expense)	(411,125)	4,647,662
Income (loss) before income taxes	(973,776)	3,976,131
Provision for income taxes	-	-
Net income (loss)	(973,776)	3,976,131
Non-controlling interest in loss of consolidated subsidiaries	-	346
Net income (loss) attributable to the Company	\$ (973,776)	\$ 3,976,477
Net income (loss) per common share - basic and diluted	\$ (0.00)	\$ 0.00
Weighted average number of common shares outstanding:		
Basic	2,283,246,011	1,324,731,007
Diluted	2,283,246,011	1,444,142,262

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended July 31,	
	2018	2017
Cash flows from operating activities:		
Net income (loss) attributable to the Company	\$ (973,776)	\$ 3,976,477
Non-controlling interest in loss of consolidated subsidiaries	-	(346)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	571	290
Stock-based compensation	38,026	227,125
Loss (gain) on derivative liabilities	2,876	(4,466,683)
Loss (gain) on extinguishment of liabilities	1,252	(475,587)
Amortization of debt discount	381,617	177,036
Convertible note payable issued for commitment fee	-	80,000
Decrease in prepaid expenses	2,500	-
Increase in deposits	-	(900)
Increase in liabilities:		
Accounts payable	75,178	112,772
Accrued expenses	43,380	37,562
Accrued expenses – related party	2,500	-
Net cash used in operating activities	(425,876)	(332,254)
Cash flows from investing activities:		
Purchase of property and equipment	-	(75,457)
Net cash used in investing activities	-	(75,457)
Cash flows from financing activities:		
Proceeds from convertible notes payable	140,000	398,750
Net cash provided by financing activities	140,000	398,750
Net decrease in cash	(285,876)	(8,961)
Cash at the beginning of the period	304,173	54,513
Cash at the end of the period	\$ 18,297	\$ 45,552
Supplemental disclosure:		
Interest paid	\$ -	\$ -
Income taxes paid	-	-
Non-cash investing and financing activities:		
Common stock issued in conversion of debt	553,256	-
Common stock issued for accrued expenses	5,000	4,400
Common stock issued for stock subscriptions receivable	116,252	-

Edgar Filing: MMEX Resources Corp - Form 10-Q

Derivative liabilities for debt discount	127,295	478,750
Common stock issued for common stock payable	-	307,978
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
Settlement of convertible notes payable and accrued interest for common stock	-	124,800

See accompanying notes to condensed consolidated financial statements.

Table of Contents**MMEX RESOURCES CORPORATION****Notes to Condensed Consolidated Financial Statements****Three Months Ended July 31, 2018 (Unaudited)****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 condensed 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%	Corporation	Texas	Subsidiary
Armadillo Holdings Group Corp. (“AHGC”)	100%	Corporation	British Virgin Isles	Subsidiary
Armadillo Mining Corp. (“AMC”)	98.6%	Corporation	British Virgin Isles	Subsidiary

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

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

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

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

Table of Contents

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are described in our Annual Report on Form 10-K for the year ended April 30, 2018 filed with the SEC on July 23, 2018.

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.

Derivative liabilities

In a series of subscription agreements, we have issued warrants in prior years 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.

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.

Table of Contents*Fair value of financial instruments*

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

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

Level 1 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.

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:

July 31, 2018	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 882,135	\$ -	\$ -	\$ 882,135

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

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.

Table of Contents

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.

Basic and diluted income (loss) per share

Basic net income or loss per share is calculated by dividing net income or loss (available to common stockholders) by the weighted average number of common shares outstanding for the period. Diluted income or loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, warrants, convertible debt and convertible preferred stock, were exercised or converted into common stock. For the three months ended July 31, 2018, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share, therefore, basic net loss per share is the same as diluted net loss per share. For the three months ended July 31, 2017, diluted weighted average number of common shares outstanding included 958,421 common shares issuable for in-the-money warrants using the treasury stock method and 118,452,834 common shares issuable for convertible debt.

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 three months ended July 31, 2018 and 2017, 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.

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 August 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-13, “Fair Value Measurement (Topic 820).” The amendments in this Update modify certain disclosure requirements of fair value measurements and are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company is currently unable to determine the impact on its consolidated financial statements of the adoption of this new accounting pronouncement.

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 \$36,051,064 and a total stockholders' deficit of \$2,322,164 at July 31, 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, 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, raise substantial doubt that we will be able 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 \$34,133 and \$31,633 as of July 31, 2018 and April 30, 2018, respectively.

During the three months ended July 31, 2018 and 2017, we incurred consulting fees and expense reimbursement related to the development of the refinery project to Maple Resources Corporation ("Maple Resources"), a related party

controlled by our President and CEO, totaling \$77,639 and \$9,349, respectively. Amounts included in accounts payable due to Maple Resources totaled \$0 and \$5,583 as of July 31, 2018 and April 30, 2018, respectively.

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

Property and equipment consisted of the following at:

	July 31,	April 30,
	2018	2018
Office furniture and equipment	\$ 13,863	\$ 13,863
Computer equipment and software	10,962	10,962
Less accumulated depreciation and amortization	(8,883)	(8,312)
	15,942	16,513
Land and improvements	284,756	284,756
	\$ 300,698	\$ 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 July 31, 2018, incurred improvement costs totaling \$200,710.

Depreciation and amortization expense totaled \$571 and \$290 for the three months ended July 31, 2018 and 2017, respectively.

NOTE 6 – REFINERY PROJECT

On March 4, 2017, we entered into an agreement with Maple Resources, 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 and is subject to the receipt of required governmental permits.

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

Accrued expenses consisted of the following at:

	July 31,	April 30,
	2018	2018
Accrued payroll	\$ 30,090	\$ 30,090
Accrued consulting	18,000	5,000
Accrued consulting – related party	34,133	31,633
Accrued interest	162,605	142,773
Other	62,541	62,541
	\$ 307,369	\$ 272,037

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

Note payable, currently in default, consists of the following at:

	July 31,	April 30,
	2018	2018
Note payable to an unrelated party, maturing March 18, 2014, with interest at 10%	\$ 75,001	\$ 75,001
	\$ 75,001	\$ 75,001

Accrued interest payable on note payable, currently in default, totaled \$40,259 and \$38,384 at July 31, 2018 and April 30, 2018, respectively.

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

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

	July 31,	April 30,
	2018	2018
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	\$ 50,000	\$ 50,000
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	25,000	25,000
	75,000	75,000
Less discount	-	-
Total	\$ 75,000	\$ 75,000

Accrued interest payable on convertible notes payable, currently in default, totaled \$88,804 and \$85,991 at July 31, 2018 and April 30, 2018, respectively.

Current Convertible Notes Payable

Current convertible notes payable consist of the following at:

	July 31,	April 30,
	2018	2018
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	\$ 135,000	\$ 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	83,000
	125,000	125,000

Edgar Filing: MMEX Resources Corp - Form 10-Q

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		
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	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	120,000
Note payable to an accredited investor, maturing February 15, 2019, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price	78,000	-
Note payable to an accredited investor, maturing April 30, 2019, with interest at 12%, convertible into common shares of the Company at a defined variable exercise price	68,000	-
Note payable to an accredited investor, maturing November 13, 2018, with interest at 12%, converted in full into shares of Class A common stock	-	111,773
Total	829,000	832,773
Less discount	(395,315)	(504,590)
Net	\$ 433,685	\$ 328,183

Table of Contents

Effective January 19, 2018, 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 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. During the three months ended July 31, 2018, the note was partially converted into shares of the Company’s Class A common stock, resulting in a principal balance of \$135,000 as of July 31, 2018.

Effective February 16, 2018, the Company issued and delivered to Power Up Lending Group Ltd (“Power Up”) a 12% convertible note in the principal amount of \$83,000. 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 Power Up into shares of common stock) on the maturity date of November 30, 2018. The note had a principal balance of \$83,000 as of July 31, 2018.

Effective March 14, 2018, the Company issued and delivered to JSJ Investments, Inc. (“JSJ”) a 12% convertible note 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 JSJ into shares of common stock) on the maturity date of March 14, 2019. The note had a principal balance of \$125,000 as of July 31, 2018.

Effective March 21, 2018, the Company issued and delivered to Auctus Fund, LLC (“Auctus”) an 8% convertible note in the principal amount of \$220,000. 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 Auctus into shares of common stock) on the maturity date of March 21, 2019. The note had a principal balance of \$220,000 as of July 31, 2018.

Table of Contents

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 One44 into shares of common stock) on the maturity date of March 21, 2019. The note had a principal balance of \$120,000 as of July 31, 2018.

Effective May 1, 2018, the Company issued and delivered to Power Up a 12% convertible note in the principal amount of \$78,000. After deducting \$3,000 of lender expenses, the Company received \$65,000 of net proceeds. Power Up, 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 Power Up into shares of common stock) on the maturity date of February 15, 2019. The note had a principal balance of \$78,000 as of July 31, 2018.

Effective July 10, 2018, the Company issued and delivered to Power Up a 12% convertible note in the principal amount of \$68,000. After deducting \$3,000 of lender expenses, the Company received \$75,000 of net proceeds. Power Up, 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 Power Up into shares of common stock) on the maturity date of April 30, 2019. The note had a principal balance of \$68,000 as of July 31, 2018.

Effective November 13, 2017, the Company issued and delivered to Power Up Lending Group Ltd (“Power Up”) a 12% 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, could 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. During the three months ended July 31, 2018, the note was converted in full into shares of the Company’s Class A common stock.

Table of Contents*Long-Term Convertible Notes Payable*

Long-term convertible notes payable consist of the following at:

	July 31,	April 30,
	2018	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	\$ 183,580
Advance dated December 14, 2017, maturing December 14, 2019	24,424	123,200
Advance dated February 28, 2018, maturing February 28, 2020, converted in full into shares of Class A common stock	-	54,520
Total	208,004	361,300
Less discount	(119,885)	(258,932)
Total	\$ 88,119	\$ 102,368

The long-term convertible notes payable are comprised of advances under a long-term convertible note to Vista Capital Investments, LLC (“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 a convertible promissory 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. Vista has converted principal of \$29,700 into Class A common shares of the Company, resulting in a principal balance of \$183,580 as of July 31, 2018 and April 30, 2018.

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. During the three months ended July 31, 2018, Vista converted principal of \$98,776 into Class A common shares of the Company, resulting in a principal balance of \$24,424 as of July 31, 2018.

Table of Contents

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 Class A common shares of the Company, resulting in a principal balance of \$54,520 as of April 30, 2018. During the three months ended July 31, 2018, Vista converted the remaining \$54,520 principal into Class A common shares of the Company, extinguishing in full the note.

Accrued interest payable on convertible notes payable totaled \$33,542 and \$24,805 at July 31, 2018 and April 30, 2018, 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 9).

NOTE 9 – DERIVATIVE LIABILITIES

In a series of subscription agreements, the Company issued warrants in prior years 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 July 31, 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.

During the three months ended July 31, 2018, we had the following activity in our derivative liabilities:

	Warrants		Convertible Notes	Total
Balance, April 30, 2018	\$	90,772	\$ 905,831	\$ 996,603

Edgar Filing: MMEX Resources Corp - Form 10-Q

New issuances of debt	-	127,295	127,295
Debt conversions and warrant exercises	-	(244,639)	(244,639)
Change in fair value of derivative liabilities	24,187	(21,311)	2,876
Balance, July 31, 2018	\$ 114,959	\$ 767,176	\$ 882,135

Key inputs and assumptions used in valuing the Company's derivative liabilities as of July 31, 2018 are as follows:

- Stock prices on all measurement dates were based on the fair market value
- Risk-free interest rate of 2.77%
- The probability of future financing was estimated at 100%
- Computed volatility ranging from 145% to 151%

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

Table of Contents

NOTE 10 – 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, which shares were issued in July 2018. The fourth put notice was funded in September 2018 in the amount of \$116,252, which amount has been recorded as a stock subscription receivable as of July 31, 2018.

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 11 – 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.

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.

Table of Contents*Stock Issuances*

During the three months ended July 31, 2018, the Company issued a total of 315,289,449 shares of its Class A common stock: 9,962,202 shares for services valued at \$38,026; 1,603,053 shares valued at \$6,252 in payment of accrued expenses of \$5,000 resulting in a loss on extinguishment of liabilities of \$1,252; 204,776,873 shares valued at \$553,256 in conversion of convertible notes principal of \$303,069, accrued interest payable of \$5,548 and derivative liabilities of \$244,639; and 98,947,321 shares pursuant to Equity Purchase Agreement (Note 10) for stock subscription receivable of \$116,252.

During the three months ended July 31, 2017, the Company issued a total of 476,646,910 shares of its Class A common stock: 62,846,918 shares for common stock payable of \$307,978; 19,250,000 shares for services valued at \$227,125; 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; 353,359,992 shares 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 and 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.

Warrants

The Company has issued warrants in prior years 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 9).

A summary of warrant activity during the three months ended July 31, 2018 is presented below:

	Weighted Average	Weighted Average
Shares	Exercise Price	Remaining Contractual Life (Years)

Outstanding, April 30, 2018	72,380,286	\$	0.01	3.90
Granted	10,531,615	\$	0.01	
Canceled / Expired	-			
Exercised	-			
Outstanding, July 31, 2018	82,911,901	\$	0.01	4.64

The warrant shares granted during the three months ended July 31, 2018 are comprised of warrant shares issued to warrant holders pursuant to anti-dilution provisions.

Common Stock Reserved

At July 31, 2018, 82,911,901 shares of the Company's Class A common stock were reserved for issuance of outstanding warrants and 3,858,038,889 shares of the Company's Class A common stock were reserved for convertible notes payable.

Table of Contents

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Legal

There were no legal proceedings against the Company.

NOTE 13 – SUBSEQUENT EVENTS

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

Effective August 16, 2018, the Company issued and delivered to Power Up a 12% convertible note in the principal amount of \$53,000. After deducting \$3,000 of lender expenses, the Company received \$50,000 of net proceeds. Power Up, 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 Power Up into shares of common stock) on the maturity date of May 30, 2019.

Subsequent to July 31, 2018, the Company issued a total of 159,296,312 shares of its Class A common stock: 675,676 shares for compensation valued at \$2,162; a total of 4,540,541 shares for accrued expenses of \$18,000; and a total of 154,080,095 shares in consideration for the conversion of note payable principal totaling \$174,424 and accrued interest payable of \$7,899.

On September 4, 2018, the Company received \$116,252 proceeds from the stock subscriptions receivable related to the fourth put notice of the Crown Bridge Equity Purchase Agreement (Note 10).

Table of Contents

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

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

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

Overview

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, 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.

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

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 naptha 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.

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.

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.

Table of Contents

Based on our current design plans, we currently estimate that the aggregate cost of constructing the Distillation Unit with a 10,000 bpd capacity, inclusive of the RSD facility, 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 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.

Through July 31, 2018, we have had no revenues and have reported continuing losses from operations.

Results of Operations

Revenues

We have not yet begun to generate revenues.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses increased \$62,118 to \$400,248 for the three months ended July 31, 2018 from \$338,130 for the three months ended July 31, 2017. The increase is due to additional professional fees, travel and other expenses associated with securing debt financing and administrative activities of our refinery project

Refinery Start-Up Costs

We expense the direct costs incurred prior to opening our proposed crude oil refinery in Pecos County, Texas, including acquisition of refinery rights, planning, design and permitting. Such costs totaled \$161,832 for the three months ended July 31, 2018, compared to \$333,111 for the three months ended July 31, 2017. We decreased the level of development of our refinery during the current year quarter pending receipt of additional financing.

Table of Contents

Depreciation and Amortization Expense

Depreciation and amortization expenses are not currently material to our operations. Depreciation and amortization expenses were \$571 and \$290 for the three months ended July 31, 2018 and 2017, respectively.

Other Income (Expense)

Our interest expense increased \$112,389 to \$406,997 for the three months ended July 31, 2018 from \$294,608 for the three months ended July 31, 2017, due to interest accrued on new convertible debt during the current fiscal year, including amortization of debt discount.

We reported a loss on derivative liabilities of \$2,876 for the three months ended July 31, 2018 and a gain on derivative liabilities of \$4,466,683 for the three months ended July 31, 2017. The large gain on derivative liabilities in the first quarter of the prior fiscal year resulted primarily from the exercise of substantially all warrants. In a series of subscription agreements, we have issued warrants in prior years 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 loss on extinguishment of liabilities of \$1,252 for the three months ended July 31, 2018 related to the issuance of our Class A common shares in payment of accrued expenses. We reported a gain on extinguishment of liabilities of \$475,587 for the three months ended July 31, 2017 resulting primarily 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 liabilities, we record the value of the shares issued at the current market price, which at times may be significantly different than the book value of the debt, resulting in a gain or loss on extinguishment of liabilities.

Net Income (Loss)

As a result, we reported a net loss of \$973,776 for the three months ended July 31, 2018, and primarily as a result of non-operating gains, net income of \$3,976,131 for the three months ended July 31, 2017.

Non-Controlling Interest in Loss of Consolidated Subsidiaries

We have little activity in our consolidated subsidiaries. Non-controlling interest in loss of consolidated subsidiaries was \$0 and \$346 for the three months ended July 31, 2018 and 2017, respectively.

Net Income (Loss) Attributable to the Company

Net loss attributable to the Company was \$973,776 for the three months ended July 31, 2018 and net income attributable to the Company was \$3,976,477 for the three months ended July 31, 2017.

Table of Contents**Liquidity and Capital Resources**Working Capital

As of July 31, 2018, we had current assets of \$20,797, including cash of \$18,297, and current liabilities of \$2,556,440, resulting in a working capital deficit of \$2,535,643. Included in our current liabilities as of July 31, 2018 are derivative liabilities of \$882,135, which we do not anticipate will require the payment of cash.

Sources and Uses of Cash

Our sources and uses of cash for the three months ended July 31, 2018 and 2017 were as follows:

	2018	2017
Cash, beginning of period	\$ 304,173	\$ 54,513
Net cash used in operating activities	(425,876)	(332,254)
Net cash used in investing activities	-	(75,457)
Net cash provided by financing activities	140,000	398,750
Cash, end of period	\$ 18,297	\$ 45,552

We used net cash of \$425,876 in operating activities for the three months ended July 31, 2018 as a result of net loss attributable to the Company of \$973,776, non-cash expenses totaling \$424,342, decrease in prepaid expenses of \$2,500, and increases in accounts payable of \$75,178 and accrued expenses of \$45,880.

By comparison, we used net cash of \$332,254 in operating activities for the three months ended July 31, 2017 as a result of net income attributable to the Company of \$3,976,477, non-cash expenses totaling \$484,451 and increases in accounts payable of \$112,772 and accrued expenses of \$37,562, offset by non-controlling interest in net loss of consolidated subsidiaries of \$346, non-cash gains totaling \$4,942,270 and increase in deposits of \$900.

We had no net cash provided by or used in investing activities for the three months ended July 31, 2018. Net cash used in investing activities for the three months ended July 31, 2017 was \$75,457, comprised of purchase of property

and equipment.

We had net cash provided by financing activities of \$140,000 and \$398,750 for the three months ended July 31, 2018 and 2017, respectively, comprised of proceeds from convertible notes payable.

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 \$36,051,064 and a total stockholders' deficit of \$2,322,164 at July 31, 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, 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, raise substantial doubt that we will be able 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 debt financing.

During the three months ended July 31, 2018, we issued an aggregate of \$146,000 principal amount from two convertible notes from Power Up Lending Group Ltd (“Power Up”) resulting in total net proceeds to us of \$140,000. The notes are due and payable in February and April 2019 and bear interest at 12% per annum. Power Up, at its option, may convert the unpaid principal balance of, and accrued interest on, the notes 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 Power Up into shares of common stock) on the maturity date.

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, which shares were issued in July 2018. The fourth put notice was funded on September 4, 2018 in the amount of \$116,252, which amount has been recorded as a stock subscription receivable as of July 31, 2018.

Table of Contents

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 August 16, 2018, the Company issued and delivered to Power Up a 12% convertible note in the principal amount of \$53,000. After deducting \$3,000 of lender expenses, the Company received \$50,000 of net proceeds. Power Up, 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 Power Up into shares of common stock) on the maturity date of May 30, 2019.

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 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.

Table of Contents

For further information on our significant accounting policies see the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended April 30, 2018 filed with the SEC and Note 2 to our condensed consolidated financial statements included in this quarterly report. There were no changes to our significant accounting policies during the three months ended July 31, 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 in prior years 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*, the FASB establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Company's financial statements as reflected herein. The carrying amounts of cash, accounts payable, accrued expenses and notes reported on the accompanying consolidated balance sheets are estimated by management to approximate fair value primarily due to the short-term nature of the instruments.

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

Level 1 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.

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.

Table of Contents

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

July 31, 2018	Total	Level 1	Level 2	Level 3
Derivative liabilities	\$ 882,135	\$ -	\$ -	\$ 882,135

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

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

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

ITEM 4 Controls and Procedures**(a) Evaluation of Disclosure Controls and Procedures**

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

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control

systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our condensed consolidated financial statements included in this quarterly report have been prepared in accordance with generally accepted accounting principles. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Table of Contents

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended. Our management assessed the effectiveness of our internal control over financial reporting as of July 31, 2018. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in 2013 Internal Control-Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

- As of July 31, 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.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of July 31, 2018, based on the criteria established in “2013 Internal Control-Integrated Framework” issued by the COSO.

(b) Changes in Internal Control over Financial Reporting

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

Table of Contents

PART II – OTHER INFORMATION

ITEM 1 Legal Proceedings

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

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

ITEM 1A Risk Factors

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

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended July 31, 2018, the Company issued a total of 315,289,449 shares of its Class A common stock: 9,962,202 shares for services valued at \$38,026; 1,603,053 shares valued at \$6,252 in payment of accrued expenses of \$5,000 resulting in a loss on extinguishment of liabilities of \$1,252; 204,776,873 shares valued at \$553,256 in conversion of convertible notes principal of \$303,069, accrued interest payable of \$5,548 and derivative liabilities of \$244,639; and 98,947,321 shares pursuant to Equity Purchase Agreement for stock subscription receivable of \$116,252.

ITEM 3 Defaults Upon Senior Securities

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

ITEM 4 Mine Safety Disclosures

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

ITEM 5 Other Information

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

Table of Contents

ITEM 6 Exhibits

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

* Filed herewith.

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

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MMEX Resources Corporation

Dated: September 7, 2018

By: */s/ Jack W. Hanks*
Chief Executive Officer (Principal
Executive Officer), President and
Chief Financial Officer (Principal
Financial
and Accounting Officer)