

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

CHESAPEAKE ENERGY CORP
Form 8-K
December 05, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) DECEMBER 5, 2001
(DECEMBER 4, 2001)

CHESAPEAKE ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

OKLAHOMA

1-13726

73-1395733

(State or other jurisdiction
of incorporation)

(Commission File No.)

(IRS Employer
Identification No.)

6100 NORTH WESTERN AVENUE, OKLAHOMA CITY, OKLAHOMA

73118

(Address of principal executive offices)

(Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS

Chesapeake Energy Corporation ("Chesapeake") issued a Press Release on December 4, 2001. The following was included in the Press Release:

CHESAPEAKE ENERGY CORPORATION ANNOUNCES PURCHASE OF
240 BCFE OF PROVED GAS RESERVES AND 45,000 MCFE OF
DAILY GAS PRODUCTION FOR \$249 MILLION

COMPANY ALSO UPDATES 2002 GUIDANCE, DISCLOSES
HEDGING GAINS OF \$250 MILLION AND CONFIRMS

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

NO HEDGING EXPOSURE WITH ENRON

Chesapeake announced three Mid-Continent gas acquisitions that will increase its proved reserves by 240 bcfe and its production by 45,000 mcfe per day. The cost of the transactions will be \$249 million, which will be paid from Chesapeake's cash on hand. The acquired assets have a reserves-to-production index of 14.2 years, are 81% natural gas and are 83% proved developed.

Two of the three transactions have recently closed: a \$42 million acquisition of producing Mid-Continent gas properties from a large independent producer and a \$76 million acquisition of producing Mid-Continent gas properties from RAM Energy, Inc. Chesapeake recently terminated its letter of intent to acquire all of RAM's common stock.

The third acquisition is scheduled to close on December 18, 2001. This \$131 million acquisition is of Sapient Energy Corp., a Tulsa-based privately-owned Mid-Continent gas producer.

HEDGING GAINS TO DATE EXCEED \$250 MILLION - CLOSED POSITIONS
EXCEED \$140 MILLION AND OPEN POSITIONS EXCEED \$110 MILLION -
COMPANY HAS NO HEDGING EXPOSURE TO ENRON

For the nine months ended September 30, 2001, Chesapeake's hedging program enhanced the company's oil and gas revenue by \$41 million. Based on futures prices as of November 29, 2001, the market value of Chesapeake's remaining 2001-03 hedges was approximately \$210 million. Of this amount, the company has locked in approximately \$100 million through receipt of payment for its October and November 2001 settlements and by lifting certain hedges early for future months of production. The remaining \$110 million represents Chesapeake's open positions, virtually all of which are with Morgan Stanley. None of Chesapeake's past or present hedging positions have been executed with or through Enron Corporation or any of its subsidiaries or affiliates.

MANAGEMENT SUMMARY

Aubrey K. McClendon, Chesapeake's Chief Executive Officer, commented, "We are very pleased to announce our three most recent acquisitions of Mid-Continent gas producing

2

properties. These acquisitions are an excellent fit with our existing Mid-Continent assets and increase our company's proved reserves by 240 bcfe and our production to 450,000 mcfe per day. Based on the results achieved from our previous acquisitions in the Mid-Continent, we are confident Chesapeake will substantially increase the value of the acquired reserves through additional drilling, more efficient operations and lower administrative costs.

Since January 1998, we have discovered or acquired over 2,200 bcfe of proved natural gas reserves at the very attractive average cost of \$1.09 per mcfe. As a result, Chesapeake has become the second largest producer of natural gas in the Mid-Continent, among the ten largest independent gas producers in the U.S. and one of the most profitable producers of natural gas in the industry. We believe the combination of our successful acquisition and drilling programs, our low operating costs and our value-added hedging strategy will enable Chesapeake to continue making attractive acquisitions at reasonable prices in the months ahead. Today's announcements provide further evidence of our ongoing commitment to creating value through further consolidation in the Mid-Continent."

ITEM 9. REGULATION FD DISCLOSURE

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

The following was included in the Press Release:

CHESAPEAKE UPDATES FOURTH QUARTER 2001 AND FULL YEAR 2002 FORECASTS

The following forecasts and estimates revise and replace in their entirety previous projections last updated on October 24, 2001. The company's forecasts and estimates are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially due to the risks and uncertainties identified at the end of this release. Furthermore, these projections do not reflect the potential impact of unforeseen events that may occur subsequent to the issuance of this release.

Chesapeake's guidance for the fourth quarter of 2001 has been updated for the effects of the company's recent acquisitions and financings. For the quarter, the company is projecting production of 40 bcfe (89% gas) and per mcfe lease operating expenses of \$0.50-\$0.55, production taxes of \$0.21-\$0.24, interest expense of \$0.62-\$0.67, general and administrative costs of \$0.10-\$0.11 and DD&A of oil and gas properties of \$1.20-\$1.30. In addition, Chesapeake expects to report a \$25-30 million pre-tax gain on the sale of its Canadian assets and a \$10 million pre-tax non-cash loss on the disposition of its 49% of RAM Energy's common stock. The company's tax rate should average 40%, which should be virtually all deferred.

The company's current 2002 guidance projects production of 162-166 bcfe (88% gas) and per mcfe lease operating expenses of \$0.50-0.55, production taxes of \$0.21-0.24, interest expense of \$0.62-0.67, general and administrative costs of \$0.10-0.11 and DD&A of oil and gas properties of \$1.20-1.30. The company expects its 2002 tax rate to average 40%, which should be virtually all deferred.

Chesapeake Energy Corporation is one of the 10 largest independent natural gas producers in the U.S. Headquartered in Oklahoma City, the company's operations are

3

focused on exploratory and developmental drilling and producing property acquisitions in the Mid-Continent region of the United States. The company's Internet address is www.chkenergy.com.

With the filing of this report on Form 8-K, we are posting the same information on our web site at www.chkenergy.com. We caution you that our outlook is given as of December 4, 2001 based on currently available information, and that we are not undertaking any obligation to update our estimates as conditions change or other information becomes available.

4

SIGNATURE

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

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

undersigned, thereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION

BY: /s/ AUBREY K. MCCLENDON

AUBREY K. MCCLENDON
Chairman of the Board and
Chief Executive Officer

Dated: December 5, 2001

5

e; FONT-FAMILY: times new roman; FONT-SIZE: 10pt">

basic and fully diluted	13,317,840	9,974,478	12,135,201	7,309,582
Net (loss) per share - basic				
and fully diluted				
				\$(0.05) \$(0.07) \$(0.29) \$(0.30)

See accompanying notes to financial statements.

4

MMEX MINING CORPORATION
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity (Deficit) and Members' Interests
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid In Capital	Common Stock Payable	Accumulated (Deficit)	Non-controlling Interests	Members' Interests	Total Stockholders Equity (deficit) and Members'
Balance, May 23, 2007 (Inception)	5,000,000	\$ 50,000	\$ (50,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition of subsidiary, Carpenter Creek, LLC, 75% interest	-	-	-	-	-	69,411	69,411	69,411
Note receivable issued as capital contributions from members	-	-	453,563	-	-	69,668	523,231	523,231
Acquisition of subsidiary, Carpenter Creek, LLC, 2.5% interest	-	-	(65,208)	-	-	65,208	-	-
Capital contributions from members	-	-	2,906,086	-	-	447,414	3,353,500	3,353,500
Net (loss) for the period from May 23, 2007 (Inception) through April 30, 2008	-	-	-	-	(3,327,375)	(638,912)	(3,966,287)	(3,966,287)
Balance, April 30, 2008	5,000,000	\$ 50,000	\$ 3,244,441	\$ -	\$ (3,327,375)	\$ 12,789	\$ (20,145)	\$ (20,145)
Capital contributions from members	-	-	2,762,446	-	-	468,735	3,231,181	3,231,181
Net (loss) for the year ended April 30, 2009	-	-	-	-	(2,305,551)	(364,765)	(2,670,316)	(2,670,316)
	5,000,000	\$ 50,000	\$ 6,006,887	\$ -	\$ (5,632,926)	\$ 116,759	\$ 540,720	\$ 540,720

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

Balance, April 30, 2009								
Acquisition of subsidiary, Carpenter Creek, LLC, 2.5% interest	-	-	(473,385)	-	-	(26,615)	(500,000)	
Capital contributions from members	-	-	1,306,505	-	-	299,849	1,606,354	
Net (loss) for the year ended April 30, 2010	-	-	-	-	(1,506,729)	(392,033)	(1,898,762)	
Balance, April 30, 2010	5,000,000	\$ 50,000	\$ 6,840,007	\$ -	\$ (7,139,655)	\$ (2,040)	\$ (251,688)	
Distribution of property, Snider Ranch property	-	-	-	-	-	(282,651)	(282,651)	
Common stock issued for services	50,000	500	164,500	-	-	-	165,000	
Imputed interest on related party advances	-	-	1,650	-	-	-	1,650	
Effect of reverse acquisition merger	4,584,427	45,844	(131,676)	15,000	-	-	(70,832)	
Capital contributions from shareholder	-	-	343,139	-	-	97,604	440,743	
Capital contributions from members	-	-	268,052	-	-	15,000	283,052	
Acquisition of subsidiary, Armadillo Holdings 1.88% interest	31,334	313	(22,839)	-	-	22,526	-	
Issuance of shares related to reverse merger	1,500,000	15,000	-	(15,000)	-	-	-	
Discount from the issuance of Notes allocated to warrants	-	-	1,034,900	-	-	-	1,034,900	
Discount from the issuance of Preferred Stock allocated to	-	-	1,000,000	-	-	-	1,000,000	

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

warrants								
Dividend payable	-	-	-	-	(10,685)	-	(10,685)	
Issuance of subsidiary ownership interests beneficial conversion feature	-	-	(212,453)	-	-	212,453	-	
Net (loss) for the year ended April 30, 2011	-	-	-	-	(3,466,111)	(174,812)	(3,640,923)	
Balance, April 30, 2011	11,165,761	\$ 111,657	\$ 9,285,280	\$ -	\$ (10,616,451)	\$ (111,920)	\$ (1,331,434)	
Rounding of shares on stock reverse	2	-	-	-	-	-	-	
Discount from the issuance of Notes allocated to warrants	-	-	602,051	-	-	-	602,051	
Financing fee for warrants issued as additional consideration	-	-	240,734	-	-	-	240,734	
Issuance of shares related to reverse merger	1,000,000	10,000	(10,000)	-	-	-	-	
Issuance of common stock for cash	562,500	5,625	86,375	-	-	-	92,000	
Conversion of convertible preferred stock to common stock	2,983,293	29,832	357,995	21,875	-	-	409,702	
Beneficial conversion feature on convertible note	-	-	80,182	-	-	-	80,182	
Conversion of debenture to common stock	156,250	1,564	60,937	-	-	-	62,501	
Net (loss) for the nine months ended January 31, 2012	-	-	-	-	(3,496,095)	(98,624)	(3,594,719)	
Balance, January 31, 2012	15,867,806	\$ 158,678	\$ 10,703,554	\$ 21,875	\$ (14,112,546)	\$ (210,544)	\$ (3,438,983)	

See accompanying notes to financial statements.

MMEX MINING CORPORATION
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	For the nine months ended		For the period from May 23, 2007 (Inception) through January 31, 2012
	2012	2011	
Cash flows from operating activities			
Net (loss)	\$(3,496,095)	\$(2,187,101)	(14,112,546)
Non-controlling interest in net (loss)	(98,624)	(369,984)	(1,669,146)
Adjustments to reconcile net (loss) to net cash (used in) provided by operating activities:			
Depreciation expense	3,614	5,635	17,797
Loss on disposal of assets	3,651	11,351	15,002
Common stock issued for services	-	165,000	165,000
Imputed interest	-	40,889	1,650
Amortization of debt discount	1,296,296	-	1,835,023
Loss on conversion of debt	53,453	-	53,453
Impairment expense	932,454	-	2,762,454
Financing fee on issuance of warrants	240,734	-	240,734
Amortization of deferred loan costs	7,500	-	7,500
Decrease (increase) in assets:			
Prepaid expenses	-	61,626	-
Related party receivable	(173,579)	-	(173,579)
Deferred loan costs	-	-	(48,822)
Other assets	(9,696)	-	(19,696)
Increase (decrease) in liabilities:			
Accounts payable, including related party amounts of \$8,033 and \$88,097 at January 31, 2012 and 2011, respectively	(73,045)	582,173	447,743
Accrued expenses	396,894	195,242	850,299
Net cash (used in) operating activities	(916,443)	(1,495,169)	(9,627,134)
Cash flows from investing activities			
Proceeds from sale of Carpenter Creek - held in escrow	135,000	-	-
Proceeds from sale of Snider Ranch	-	-	1,130,602
Purchase of Hunza option	(932,454)	-	(2,762,454)
Purchase of fixed assets	(5,813)	(15,325)	(54,062)
Proceeds from sale of fixed assets	-	3,010	3,010
Net cash (used in) investing activities	(803,267)	(12,315)	(1,682,904)
Cash flows from financing activities			
Capital contributions from members	-	723,796	8,023,387
Acquisition of noncontrolling interest	-	-	(500,000)

Edgar Filing: CHESAPEAKE ENERGY CORP - Form 8-K

Proceeds from debt	1,160,000	550,000	4,234,900
Proceeds from issuance of Preferred Stock	360,000	-	1,360,000
Proceeds from issuance of Common Stock	92,000	-	92,000
Advances from related parties	-	1,501,294	-
Payments on notes payable	-	(1,198,446)	(1,889,900)
Net cash provided by financing activities	1,612,000	1,576,644	11,320,387
Net increase (decrease) in cash	(107,710)	69,160	10,349
Cash - beginning	118,059	314	-
Cash - ending	\$ 10,349	\$ 69,474	\$ 10,349
Supplemental disclosures:			
Interest paid	\$-	\$ 155,406.00	\$ 483,723
Income taxes paid	\$-	\$-	\$-
Non-cash investing and financing transactions:			
Note receivable issued as capital contributions	\$-	\$-	\$ 523,231
Distribution of property, Snider Ranch	\$-	\$(1,413,253)	\$(282,651)
Effect of reverse acquisition merger	\$-	\$(70,832)	\$(70,832)
Conversion of minority interest into equity	\$-	\$(22,839)	\$(22,839)
Additional ownership interest in subsidiary	\$-	\$-	\$ 212,453
Issuance of contingent consideration from merger	\$ 10,000	\$-	\$ 10,000
Stock issued for conversion of debt	\$ 418,750	\$-	\$ 418,750
Preferred Stock beneficial conversion feature	\$-	\$-	\$ 1,000,000
Common Stock beneficial conversion feature	\$ 80,182	\$-	\$ 80,182
Debt discount on issuance of warrants	\$ 602,051	\$ 450,000	\$ 1,636,951

See accompanying notes to financial statements.

Note 1 – Nature of Business and Significant Accounting Policies

On May 25, 2011, the Board of Directors approved a 1 for 10 reverse stock split of its common stock. All references in the accompanying financial statements to the number of shares of common stock and loss per share have been retroactively restated to reflect the reverse stock split.

Basis of Presentation

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

Name of Entity	%	Form of Entity	State of Incorporation	Relationship
MMEX Mining Corporation (“MMEX”)	-	Corporation	Nevada	Parent
MCC Merger, Inc. (“MCCM”)	100%	Corporation	Delaware	Holding Sub
Maple Carpenter Creek Holdings, Inc. (“MCCH”)	100%	Corporation	Delaware	Subsidiary
Maple Carpenter Creek, LLC (“MCC”)	80%	LLC	Nevada	Subsidiary
Carpenter Creek, LLC (“CC”)	95%	LLC	Delaware	Subsidiary
Armadillo Holdings Group Corp. (“AHGC”)		Corporation	British Virgin Isl.	Subsidiary
	100%			
Armadillo Mining Corp. (“AMC”)		Corporation	British Virgin Isl.	Subsidiary
	96.6%			

The condensed consolidated financial statements herein contain the operations of the above listed subsidiaries as of the dates and for the periods as indicated. All significant inter-company transactions have been eliminated in the preparation of these financial statements. On September 21, 2010 the Company’s wholly-owned subsidiary, MCC Merger, Inc. (“Acquisition Sub”), formed previous to the merger, and Maple Carpenter Creek Holdings, Inc. (“The Target Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”). Under the Merger Agreement, as closed on September 23, 2010, Acquisition Sub merged with and into the Target Company, with the Target Company remaining as the surviving corporation and wholly-owned subsidiary of the Company (the “Merger”). Going forward, the Company will be a holding company parent of the Target Company, and the Company’s business operations following the Merger will be those of the Target Company.

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

The Company’s functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with ASC 820, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in the Colombian peso. The Company has not, to the date of these financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

The accounting policies followed by MMEX Mining Corporation are set forth in the Company’s financial statements that are a part of its April 30, 2011, Form 10K and should be read in conjunction with the financial statements for the three and nine months ended January 31, 2012, contained herein.

The financial information included herein as of January 31, 2012, and for the three and nine month periods ended January 31, 2012 and 2011, has been presented without an audit, pursuant to accounting principles for the interim financial information generally accepted in the United States of America and the rules of the Securities and Exchange Commission. The Company believes that the disclosures are adequate to make the information presented not misleading. The information presented reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the period.

Organization

MMEX Mining Corporation (the Company or “MMEX”) was formed in the State of Nevada on May 19, 2005 as Inkie Entertainment Group, Inc., for the purpose of engaging in the production, distribution and marketing of filmed entertainment products. On January 15, 2008, the Company changed its name to Quantum Information, Inc. In January 2009, the Company announced that it would transition out of the filmed entertainment products business and into the coal business. As part of that transition, on January 14, 2009, the Company sold all of its assets in exchange for the surrender to the Company of 400,000 shares of the Company’s common stock, and the assumption of all of the Company’s liabilities. The Company also changed its name to MGMT Energy, Inc. on February 5, 2009 and to Management Energy, Inc. on May 28, 2009 to better reflect the Company’s business focus. On September 23, 2010, the Company, through a reverse merger, acquired 100% of the outstanding shares of Maple Carpenter Creek Holdings, Inc., (“MCCH”) a Delaware Corporation, organized on October 15, 2009 as a holding Company with an 80% interest in Maple Carpenter Creek, LLC (“MCC”), which in turn owns a 95% interest in the subsidiary, Carpenter Creek, LLC (“CC”), and a 98.12% interest in Armadillo Holdings Group Corp. (“AHGC”), which in turn owned at October 31, 2011 a 94.6% interest in Armadillo Mining Corp. (“AMC”). The non-controlling interest of 1.88% in AHGC was subsequently acquired by MCCH on December 21, 2010 in exchange for 31,334 shares of MMEX. On February 22, 2011, the Company amended its articles of incorporation to change the corporate name from Management Energy, Inc. to MMEX Mining Corporation.

Nature of Business

Our current strategy is to pursue various coal exploration projects in Colombia and expand to other minerals in other South American countries with development partners.

Exploration Stage Company

The Company is currently an exploration stage company. As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date. The Company has incurred net losses of \$14,112,546 and used net cash in operations of \$9,627,134 for the period from inception (May 23, 2007) through January 31, 2012. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its aforementioned subsidiaries. See Recently Issued Accounting Pronouncements (“ASC 810”) below for additional information on Non-controlling interests in Consolidated Financial Statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

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

Property and equipment

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:

Furniture 5 years
and
fixtures

Machinery 5 years
and
equipment

Software 5 years
and
hardware

Maintenance and repairs will be 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 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.

Fair value of financial instruments

Under FASB ASC 820-10-05, the Financial Accounting Standards Board 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 and accrued expenses reported on the balance sheet are estimated by management to approximate fair value primarily due to the short term nature of the instruments. The Company had no other items that required fair value measurement on a recurring basis.

Asset retirement obligations

The Company records the fair value of a liability for an asset retirement obligation in the period in which the asset is acquired and a corresponding increase in the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. No asset retirement obligation has been recognized as of January 31, 2012.

Advertising and promotion

All costs associated with advertising and promoting products are expensed as incurred. \$805 and \$0 were incurred for the three months ended January 31, 2012 and 2011, respectively, and \$1,880 and \$0 were incurred for the nine months ended January 31, 2012 and 2011, respectively.

Income taxes

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

Basic and diluted loss per share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For the periods presented, potential dilutive securities had an anti-dilutive effect and were not included in the calculation of diluted net loss per common share.

Stock-based compensation

The Company adopted FASB guidance on stock based compensation upon inception at April 23, 2009. Under FASB ASC 718-10-30-2, all share-based payments to employees, including grants of employee stock options, are to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. For the periods presented, there were no share-based payments to employees.

In December of 2004, the FASB issued a standard which applies to transactions in which an entity exchanges its equity instruments for goods or services and also applies to liabilities an entity may incur for goods or services that are based on the fair value of those equity instruments. For any unvested portion of previously issued and outstanding awards, compensation expense is required to be recorded based on the previously disclosed methodology and amounts. Prior periods presented are not required to be restated. The Company adopted this standard upon inception on May 23, 2007 and applied the standard using the modified prospective method.

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.

Uncertain tax positions

Effective upon the Company's fiscal year ended April 30, 2009, the Company adopted new standards for accounting for uncertainty in income taxes. These standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. These standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

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

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

Recently issued accounting pronouncements

In April 2010, the FASB issued ASU No. 2010-18 regarding improving comparability by eliminating diversity in practice about the treatment of modifications of loans accounted for within pools under Subtopic 310-30 – Receivable – Loans and Debt Securities Acquired with Deteriorated Credit Quality (“Subtopic 310-30”). Furthermore, the amendments clarify guidance about maintaining the integrity of a pool as the unit of accounting for acquired loans with credit deterioration. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors. The amendments in this Update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early adoption is permitted. The adoption of this ASU did not have a material impact on our financial statements.

In January 2010, the FASB issued ASU No. 2010-06 regarding fair value measurements and disclosures and improvement in the disclosure about fair value measurements. This ASU requires additional disclosures regarding significant transfers in and out of Levels 1 and 2 of fair value measurements, including a description of the reasons for the transfers. Further, this ASU requires additional disclosures for the activity in Level 3 fair value measurements, requiring presentation of information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements. This ASU is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this ASU did not have a material impact on our financial statements.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements—a consensus of the FASB Emerging Issues Task Force, which provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. As a result of these amendments, multiple-deliverable revenue arrangements will be separated in more circumstances than under existing U.S. GAAP. The ASU does this by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. A vendor will be required to determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. This ASU also eliminates the residual method of allocation and will require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the overall arrangement proportionally to each deliverable based on its relative selling price. Expanded disclosures of qualitative and quantitative information regarding application of the multiple-deliverable revenue arrangement guidance are also required under the ASU. The ASU does not apply to arrangements for which industry specific allocation and measurement guidance exists, such as long-term construction contracts and software transactions. ASU No. 2009-13 is effective beginning January 1, 2011. The adoption of this ASU did not have a material impact on our financial statements.

Note 2 – 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 \$14,112,546 and a working capital deficit of \$3,462,928 at January 31, 2012, and have reported negative cash flows from operations since inception. In addition, we do not currently have the cash resources to meet our operating commitments for the next twelve months, and we expect to have ongoing requirements for capital investment to implement our business plan. Finally, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

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

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

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

Note 3 – Related Party Transactions

During the period from May 1, 2009 through April 30, 2011, Tydus Richards, the former Chairman of our board of directors and shareholder, made several payments on behalf of the Company. The Company reimbursed Mr. Richards

a portion of these payments but as of January 31, 2012 a balance of \$31,633 remains outstanding.

On September 4, 2010, MCCH entered into an employment agreement with the Company's CEO, Jack W. Hanks for a two year term, automatically renewable for one year terms thereafter, at an annual compensation of \$300,000 per year. On December 15, 2011 this agreement was amended to reflect a three year term, automatically renewable for one year terms thereafter, at an annual compensation of \$360,000 per year.

On September 4, 2010, MCCH entered into a consulting agreement with Bruce N. Lemons, one of the Company's two directors, for a two year term, automatically renewable for one year terms thereafter, at an annual compensation of \$170,000 per year. On December 15, 2011 this agreement was amended to reflect a three year term, automatically renewable for one year terms thereafter.

On January 24, 2011, the Company entered into a securities purchase agreements with unaffiliated investors and with each of the Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, an Irrevocable Trust, of which the Company's CEO is the trustee, and BNL Family Partners of which one of the Company's Directors, Bruce N. Lemons is a partner, for the issuance of a convertible debentures in the amount of \$25,000. The promissory notes carry a 25% interest rate, mature on January 27, 2012 and are convertible into the Company's common stock at the holders' option at \$0.10 per common share. The holder may accelerate repayment of the note upon sale of the Carpenter Creek prospect. In addition, the Company will issue warrants to purchase shares of the Company's common stock at the time of repayment or conversion of the note equal to ten warrant shares for every dollar value of the principal and interest, at an exercise price of \$.10 per share on or before three years from the repayment or conversion date. These convertible debentures were issued to each of the affiliated investors at the same price as that paid by the unaffiliated investors in the private offering. On March 23, 2011, these notes along with their accrued interest were paid in full.

For the period from inception (May 23, 2007) through January 31, 2012, there has been contributions of capital from members of \$7,696,652 and contributions of capital from shareholders of \$343,139.

Common stock

On September 23, 2010 the Company issued a subscription payable for 15,000,000 shares of common stock pursuant to the merger with MCCH. The shares were valued at par value, resulting in a total subscription payable of \$15,000 at October 31, 2010. On January 11, 2011, the Board of Directors cancelled the subscription payable.

On October 8, 2010 the Company issued 25,000,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the merger with MCCH on September 23, 2010. The shares were valued at par value, resulting in a \$25,000 adjustment to additional paid in capital in accordance with the accounting for reverse acquisition under ASC 805-10-40.

On October 8, 2010 the Company issued 25,000,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the merger with MCCH on September 23, 2010. The shares were valued at par value, resulting in a \$25,000 adjustment to additional paid in capital in accordance with the accounting for reverse acquisitions under ASC 805-10-40.

On January 11, 2011, the Board of Directors approved the issuance of the remaining 15,000,000 shares of merger consideration, agreed upon during the reverse merger, equally to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, and the Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, Jack Hanks.

Pursuant to the merger on September 23, 2010, the Company awarded the owners of MCCH the right to receive 1,500,000 shares of common stock as contingent consideration. The milestones are accelerated in the event the owners of MCCH are diluted below 30% in their ownership of the Company. The milestones defined in the definitive merger agreement are as follows:

1,000,000 shares upon the closing of equity or debt financing that generates at least 2 million in net proceeds,
250,000 shares upon the successful generation of \$250,000 in revenue from coal sales in any fiscal quarter,

250,000 shares upon the successful closing of additional equity or debt financing that will generate at least \$2,000,000 in net proceeds.

On September 13, 2011, the Board of Directors determined that the first \$2,000,000 milestone had been met and approved the issuance of 1,000,000 shares of merger consideration, equally to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, and the Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, Jack Hanks.

Note 4 – Other Assets – Current

The current portion of Other Assets consists of the following:

	January 31, 2012	April 30, 2011
Deferred Costs on Bridge Financing	\$ 10,000	\$ -
Deferred Subscription Costs	5,000	-
	\$ 15,000	\$ -

Note 5 – Property and Equipment

Property and Equipment consists of the following:

	January 31, 2012	April 30, 2011
Furniture and fixtures	\$-	\$-
Software and hardware	24,373	22,599
	24,373	22,599
Less accumulated depreciation and amortization	(6,120)	(2,894)
	\$18,253	\$19,705

Depreciation and amortization expense totaled \$3,614 and \$5,635 for the nine months ended January 31, 2012 and 2011, respectively, and \$1,219 and \$2,048 for the three months ended January 31, 2012 and 2011, respectively.

The Company disposed of \$4,038 of fixed asset during the nine month period ended January 31, 2012 resulting in a loss on disposal of assets of \$3,651.

Note 6 – Investment in Property

On March 18, 2011, the Company sold its Carpenter Creek, Montana coal prospect for \$2,248,401. Proceeds in the amount of \$135,000 were retained in escrow to provide for contingent liabilities until October 15, 2011.

On January 20, 2011, AMC acquired an option to purchase a 50% interest in a permitted and operating mine company in Colombia, the Hunza lease, producing metallurgical coal, with a potential resource of 16 to 90 million tons based on existing exploration resource reports. The agreement required an exclusivity fee of \$1,400,000 completed on March 22, 2011, and \$5,000,000 to be deposited to an exploration fund to continue the financing of an exploration and drilling program. The \$5,000,000 is to be made under a payment plan starting April 29, 2011 through March 1, 2012. The Company is not current on its payments under the plan. By January 31, 2012, total paid towards funding of the option was \$2,762,454, \$1,830,000 in the year ended April 30, 2011 and an additional \$932,454 for the period ended January 31, 2012. The Company fully impaired the \$2,762,454 due to the probability of future funding. As of January 31, 2012, \$1,362,454 has been paid to the exploration fund. Any payments made on the option are non-refundable. The agreement may be terminated if the option to acquire the interest is not made prior to March 1, 2012.

Note 7 – Accrued Expenses

As of January 31, 2012 and April 30, 2011 accrued expenses included the following:

	January 31, 2012	April 30, 2011
Accrued Lease Expenses	\$ 62,541	\$ 62,541
Accrued Payroll, Officers	156,073	195,617
Accrued Payroll, Employee	6,084	-
Accrued Consulting	239,397	110,849
Accrued Dividend	85,685	10,685
Accrued Interest	126,401	73,713
	\$ 676,181	\$ 453,405

Note 8 – Notes Payable

Debt consisted of the following at January 31, 2012 and April 30, 2011, respectively:

	January 31, 2012	April 30, 2011
On March 8, 2010, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$50,000 convertible note in a private placement transaction. In the transaction, the Company received proceeds of \$35,000 and the investor also paid \$15,000 of consulting expense on behalf of the Company. The convertible note was due and payable on December 31, 2010 with an interest rate of 10% per annum. The note is convertible at the option of the holder into our common stock at a fixed conversion price of \$3.70, subject to adjustment for stock splits and combinations. Accrued interest of \$9,485 and \$5,735 was outstanding at January 31, 2012 and April 30, 2011 respectively.	\$50,000	\$50,000
Unsecured promissory note, matured on July 15, 2009, carrying a 10% default rate. Accrued interest of \$85,486 and \$62,986 was outstanding at January 31, 2012 and April 30, 2011, respectively.	300,000	300,000
On January 27 and February 1, 2011 the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$514,900 convertible notes in a private placement transaction. \$139,900 of the notes were to related parties. The convertible notes are due and payable on January 26, 2012, carry a 25% interest rate which will be amortized over the life of the loan. The note is convertible at the option of the holder into our common stock at a fixed conversion price of \$1.00, subject to adjustment for stock splits and combinations. On March 23, 2011 \$489,900 of the notes were paid in full. Accrued interest of \$6,263 and \$1,575 was outstanding at January 31, 2012 and April 30, 2011, respectively.	25,000	25,000
Debt issuance discount	-	(18,630)
On April 25, and May 7, 2011 the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$680,000 notes in a private placement transaction. The notes were due and payable on or before October 14, 2011, carry a 25% interest rate due in full at issuance. The computed interest of \$170,000 was added to the balance of the note and recorded as additional debt discount. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.40, subject to adjustment for stock splits and combinations. As of January 31, 2012, \$106,250 of the notes plus interest were converted into common stock, the remaining notes and interest were extended to April, 14, 2012.	743,750	650,000
Debt issuance discount	-	(631,105)
Related party promissory note due and payable on March 18, 2012, carry a 10% interest rate which will be amortized over the life of the loan. Accrued interest of \$25,166 and \$3,416 was outstanding at January 31, 2012 and April 30, 2011, respectively.	290,000	290,000

On September 9, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$300,000 note in a private placement transaction. The note is due and payable on September 9, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$75,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,000,000 of the Company's common stock.	375,000	-
Debt issuance discount	(79,328)	-
On October 28, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$500,000 note in a private placement transaction. The note is due and payable on October 31, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$125,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,665,000 of the Company's common stock.	625,000	-
Debt issuance discount	(184,511)	-
On December 8, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The note is due and payable on December 8, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$25,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 330,000 of the Company's common stock.	125,000	
Debt issuance discount	(45,473)	
On January 13, 2012, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The note is due and payable on January 13, 2013, carry a 25% interest rate due in full at issuance. The computed interest of \$25,000 was added to the balance of the note and recorded as additional debt discount. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.075, subject to adjustment for stock splits and combinations. The note is secured with 1,666,667 of the Company's common stock.	125,000	
Debt issuance discount	(123,124)	
	\$2,226,314	\$665,265
Less: Current maturities	2,226,314	665,265
Long term portion of notes payable	\$-	\$-

The Company recorded interest expense on debt in the amount of \$1,433,471 and \$164,289 for the nine months ended January 31, 2012 and 2011, respectively, and \$264,462 and \$91,386 for the three months ended January 31, 2012 and 2011, respectively.

Note 9 – Changes in Stockholders' Equity (Deficit)

On May 25, 2011, the Board of Directors approved a 1 for 10 reverse stock split of its common stock. All references in the accompanying financial statements to the number of shares of common stock and loss per share have been retroactively restated to reflect the reverse stock split. Following the reverse split, the capitalization of the Company was amended from 300,000,000 authorized shares to 50,000,000, of which 45,000,000 were designated at common stock, par value \$.001 per share, and 5,000,000 were designated preferred stock, par value \$.001 per share.

There were 15,867,806 shares issued and outstanding at January 31, 2012. The Company had a commitment to issue 1,500,000 shares of common stock pursuant to the merger with MCCH recorded as a subscription payable at par value of \$15,000 on October 31, 2010. On January 11, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued the remaining shares in accordance with the merger agreement. The Company also had a contingent commitment to issue up to another 1,500,000 shares of common stock if certain milestones are achieved. On September 13, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors, declared that the milestone for vesting of 1,000,000 shares of the 1,500,000 contingent consideration had been met and issued the shares.

For the period from inception (May 23, 2007) through February 20, 2012, there has been contributions of capital from members of \$7,696,652 and contributions of capital from shareholders of \$343,139.

Common stock issued commensurate with the merger with MCCH

On September 23, 2010 the Company issued a subscription payable for 1,500,000 shares of common stock pursuant to the merger with MCCH. The shares were valued at par value, resulting in a total subscription payable of \$15,000 at October 31, 2010. On January 11, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued the remaining shares in accordance with the merger agreement. The Company reversed the subscription payable resulting in a \$15,000 adjustment to additional paid in capital.

On October 8, 2010 the Company issued 2,500,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the merger with MCCH on September 23, 2010. The shares were valued at par value, resulting in a \$25,000 adjustment to additional paid in capital in accordance with the accounting for reverse acquisition under ASC 805-10-40.

On October 8, 2010 the Company issued 2,500,00 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the merger with MCCH on September 23, 2010. The shares were valued at par value, resulting in a \$25,000 adjustment to additional paid in capital in accordance with the accounting for reverse acquisitions under ASC 805-10-40.

Common stock issued subsequent to the merger with MCCH

On October 12, 2010 the Company granted 50,000 shares of restricted common stock to a consultant for public relations services provided. The total fair value of the common stock was \$165,000 based on the closing price of the Company's common stock on the date of grant.

On December 22, 2010 the Company issued 31,334 shares to Steve Eppig in exchange for Mr. Eppig's 1.88% interest in the equity of its Armadillo Holdings Group Corporation subsidiary. The shares were valued at the value of the minority interest held in Armadillo Holding Group Corporation through January 31, 2011 which was \$22,526.

On January 12, 2011 the Company issued 750,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the termination and rescission of the agreement with DE Investment Corporation but as part of and in connection with the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a \$7,500 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40.

On January 12, 2011 the Company issued 750,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the termination and rescission of the agreement with DE Investment Corporation but as part of and in connection with the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a \$7,500 adjustment to common stock payable in accordance with the accounting for reverse acquisitions under ASC 805-10-40.

On August 28, 2011, the Company sold 200,000 shares of MMEX Mining Corporation common stock to an unrelated party in exchange for an investment of \$32,000.

On September 13, 2011 the Company issued 500,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a \$5,000 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40.

On September 13, 2011 the Company issued 500,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a \$5,000 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40.

On October 4, 2011, the Company sold 312,500 shares of MMEX Mining Corporation common stock to an unrelated party in exchange for an investment of \$50,000.

On October 19, 2011, an unrelated party converted their promissory note and accrued interest of \$62,500 into 156,250 shares of MMEX Mining Corporation common stock at a price of \$.40 per share. As the conversion took place within the terms of the agreement, no gain or loss was recorded.

On December 8, 2011, the Company sold 50,000 shares of MMEX Mining Corporation common stock to an unrelated party in exchange for an investment of \$10,000.

On January 6, 2012, three unrelated parties converted their promissory notes and accrued interest of \$312,500 into 2,983,293 shares of MMEX Mining Corporation common stock at a price of \$.10475 per share. As the conversion

took place at below the market price on the date of conversion, a loss of \$75,328 was recorded.

On October 19, 2011, an unrelated party converted their promissory note and accrued interest of \$43,750 into 109,375 shares of MMEX Mining Corporation common stock at a price of \$.40 per share. As the conversion took place above the market price on the date of conversion, a gain of \$21,875 was recorded. The stock certificate remained unissued at January 31, 2012 and was reported as common stock payable at its computed fair value of \$21,875.

Common stock reserved

At January 31, 2012, 16,470,001 shares of common stock were reserved 2,452,083 for debt conversion purposes, 4,533,907 for issuance of warrants outstanding, and 9,484,011 which have been pledged as collateral on debt outstanding.

Preferred Stock

On March 18, 2011 the Board of Directors authorized 2,000,000 shares of \$.001 par value Series A Preferred Stock. The shares carry a 10% cumulative dividend, a \$1.00 liquidation value, and may be converted into common shares at \$0.40 per common share. The Preferred Stock has a mandatory redemption feature on such date that is the earlier of March 1, 2016 or upon a change of control transaction. Dividends payable at January 31, 2012 were \$85,685.

Note 10 – Convertible Debentures

On January 28, 2011 and February 1, 2011, the Company closed a Convertible Note Agreement totaling \$514,900 in principal amount of 25% Convertible Note (the “Notes”) due on the first anniversary of the date of the Note, to a group of institutional and high net worth investors. The Notes are convertible into the Company’s common stock at the holders’ option at \$1.00 per common share. The holder may accelerate repayment of the Note upon sale of the Carpenter Creek prospect. In addition, the Company issued 643,625 warrants to purchase shares of the Company’s common stock at an exercise price of \$1.00 per share on or before three years from the repayment or conversion date. On March 23, 2011, \$489,900 of the notes were paid with accrued interest, \$25,000 remain outstanding.

The Company allocated the proceeds from the issuance of the Notes to the warrants and the Notes based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$514,900 was recorded as an increase in additional paid-in capital and was limited to the note balance. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one-year term of the Notes as additional interest expense. Upon repayment of the notes on March 23, 2011, \$489,900 of the loan discount was taken as an interest expense.

On April 25, and May 7, 2011, the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$680,000 notes in a private placement transaction. The notes are due and payable on or before October 14, 2011 and carry a 25% interest rate due in full at issuance. The computed interest of \$170,000 was added to the balance of the note and recorded as debt discount which will be taken as interest expense over the life of the notes. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.40, subject to adjustment for stock splits and combinations. In addition, the Company issued 1,062,500 warrants to purchase shares of the Company’s common stock at an exercise price of \$.80 per share on or before three years from the issuance date. On October 14, 2011, \$106,250 of these notes plus interest was converted into common stock, the remaining \$743,750 of notes and interest were extended to April 14, 2012. At January 31, 2012 the stock associated to \$43,250 notes and interest remained unissued. Capital stock payable in the amount of \$21,875 and gain on conversion of the debenture of \$21,875 was recorded. As consideration for the extension, the Company issued 989,188 warrants to purchase shares of the Company’s common stock at an exercise price of \$.20 per share on or before April 25, 2014. The warrants were valued at the date of issuance using the Black-Scholes

model. The value assigned to the warrants of \$195,646 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a financing fee being recorded for the same amount.

The Company allocated the proceeds from the issuance of the notes to the warrants and the notes based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$650,000 was recorded as an increase in additional paid-in capital and was limited to the note balance. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original six-month term of the notes as additional interest expense.

On September 9, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$300,000 note in a private placement transaction. The note is due and payable on September 19, 2012, carries a 25% interest rate due in full at issuance. The computed interest of \$75,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,000,000 of the Company's common stock. In addition, the Company issued 375,000 warrants to purchase shares of the Company's common stock at an exercise price of \$.16 per share on or before three years from the issuance date.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$55,934 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense.

On October 28, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$500,000 note in a private placement transaction. The note is due and payable on October 31, 2012, carries a 25% interest rate due in full at issuance. The computed interest of \$125,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,665,000 of the Company's common stock. In addition, the Company issued 625,000 warrants to purchase shares of the Company's common stock at an exercise price of \$.16 per share on or before three years from the issuance date.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$124,400 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense.

On December 8, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The Company is required to redeem the note on that date which is the earlier of: (i) the closing of any Company equity financing in excess of \$2,250,000 or (ii) December 8, 2012 at a payment equal to \$125,000. The Company at its option may elect to redeem the note at such payment amount on any earlier date. In addition to redemption of the note, the Company agreed to redeem an additional amount of debt owed to the investor in the amount of \$100,000 in principal and \$25,000 in fees out of additional funding from any financing. Such funding shall be applied to the \$500,000 note dated October 28, 2011 issued by the Company to the investor. The note is secured with 330,000 shares of the Company's common stock. In addition, the Company issued 125,000 warrants to purchase shares of the Company's common stock at an exercise price of \$.20 per share on or before three years from the issuance date.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$28,369 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense.

On January 13, 2012, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The note is due and payable on January 12, 2013, carries a 25% interest rate due in full at issuance. The computed interest of \$25,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 330,000 of the Company's common stock. In addition, the Company issued 125,000 warrants to purchase shares of the Company's common stock at an exercise price of \$.075 per share on or before three years from the issuance date.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$19,817 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense.

The Company recorded the intrinsic value of the beneficial conversion of \$80,183 as debt discount and will amortize the discount over the original one year term of the Note.

Note 11 – Convertible Preferred Stock

On March 22, 2011 the Company issued 1,000,000 shares of Series A Preferred Stock (the “Preferred Stock”) to an unrelated party in exchange for an investment of \$1,000,000. The shares may be converted into the Company's common shares at \$0.40 per common share. The Preferred Stock carry a 10% cumulative dividend, that is being reported as interest due to the classification of the preferred stock, and have a mandatory redemption feature on the earlier of March 1, 2016 or on a change of control transaction. The Company is required to redeem the shares at a liquidation value of \$1.00 per share plus any accrued and unpaid dividends. Due to the mandatory redemption feature, the Company recorded the investment as a liability under ASC Subtopic 480-10.

The Company recorded the intrinsic value of the beneficial conversion of \$1,000,000 as debt discount and will amortize the discount through the mandatory redemption feature date of March 1, 2016. The investment is collateralized with a security interest in 2,500,000 MMEX Mining Corporation common stock shares.

Loan costs of \$50,000 incurred on the issuance of the Preferred Stock were recorded as deferred loan costs and will be amortized over the term on the agreement.

On June 30, and August 2, 2011, the Company issued 360,000 shares of Armadillo Mining Corporation Preferred Stock to five unrelated parties in exchange for an investment of \$360,000. The Preferred Stock carry a 25% cumulative dividend and have a mandatory redemption feature on December 31, 2011 at a price of \$1.25 per share. In addition, the Company issued 360,000 warrants to purchase shares of the Company's common stock at an exercise price of \$0.60 per share on or before three years from the issuance date.

The Company allocated the proceeds from the issuance of the Preferred Stock to the warrants and the stock based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of \$213,530 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized through the mandatory redemption period of December 31, 2011 as additional interest expense.

On January 17, 2012, \$312,500 of these notes plus interest were converted into common stock, the remaining \$137,500 of notes plus interest were extended to June 30, 2012. As the conversion took place at below the market price on the date of conversion, a loss of \$75,328 was recorded. As consideration for the extension, the Company issued 484,375 warrants to purchase shares of the Company's common stock at an exercise price of \$.2095 per share on or before December 31, 2014. The warrants were valued at the date of issuance using the Black-Scholes

model. The value assigned to the warrants of \$45,088 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a financing fee being recorded for the same amount.

Note 12 - Non-controlling Interests

On January 31, 2012, non-controlling interests held an approximate 5.4% residual interest in AMC and 20% interest in MCC and 5% interest in CC.

Note 13 – Commitments and Contingencies

Merger Agreement

Pursuant to the merger on September 23, 2010, the Company awarded the owners of MCCH the right to receive 1,500,000 shares of common stock as contingent consideration. The milestones are accelerated in the event the owners of MCCH are diluted below 30% in their ownership of the Company. The milestones defined in the definitive merger agreement are as follows:

1,000,000 shares upon the closing of equity or debt financing that generates at least 2 million in net proceeds,
250,000 shares upon the successful generation of \$250,000 in revenue from coal sales in any fiscal quarter,
250,000 shares upon the successful closing of additional equity or debt financing that will generate at least \$2,000,000 in net proceeds.

On September 13, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors, declared that the milestone to distribute 1,000,000 shares of the 1,500,000 contingent consideration had vested leaving a balance of 500,000 shares of common stock as contingent consideration.

Legal

There were no legal proceedings against the Company.

Note 14 – Subsequent Events

On February 3, 2012 the Company executed and delivered an amendment to the Hunza option agreement which, among other items, provides that:

In order to exercise the option to acquire 50% of Hunza, the Company would be required to complete the payment of exclusivity fees on or before February 29, 2012, including issuing a \$1.2 million note convertible into 4,000,000 shares of the Company's common stock. On March 8, 2012, \$538,200 of the note was converted into 1,794,000 shares of the Company's common stock.

After exercise of the option, the Company would be obligated to fund an additional \$3.0 million upon the earlier of May 1, 2013 or 90 days after the completion of the technical resources report which will be commissioned by Hunza.

The Company would pledge one half of its interest in Hunza to secure any payment default by the Company, which default would result in a reduction of the Company's interest to 25% of Hunza.

On February 17, 2012, the Company issued 109,375 shares of common stock to a shareholder that had requested conversion of a note and interest of \$43,750 at a price of \$.40 per share.

Additionally on February 17, 2012, the Company issued 546,087 shares of common stock to a consultant in exchange for services.

On March 7, 2012, the Company completed a private placement of units to South American investors, with each unit consisting of one share of our common stock and one common share purchase warrant. We received gross proceeds of US\$5,534,288 at an issue price of US\$0.20 per unit. Each warrant entitles the holder to acquire an additional common share at a price of US\$0.30 per share for a period of three years. Of the gross proceeds, \$125,000 were received in the form of conversion of a convertible debenture owed an unrelated holder. The Company has issued 26,421,440 shares associated with the offering but will be unable to issue the additional 1,250,000 shares until the Company receives shareholder approval for increase in its authorized shares.

In conjunction with the offering an unrelated party received 300,000 shares of the Company's common stock as compensation for services.

On March 7, 2012, the Company made the required exclusivity payments to C.I. Hunza Coal Ltda. of approximately \$3,600,000 and an additional \$700,000 for exploration activities.

Additionally on March 7, 2012, the Company's board of directors adopted the 2012 Equity Compensation Plan, and reserved an aggregate of 2,000,000 shares of common stock for potential issuance pursuant to awards to be granted under such plan. The plan allows for the grant of stock options to employees and independent contractors. The plan will be administered by the board of directors; provided that if the board forms a compensation committee of independent directors at a future date, the plan will be administered by such committee.

On March 7, 2012, the Company's board granted options to purchase 1,000,000, 500,000 and 500,000 shares of common stock at an exercise price of \$0.35 per share to each of Jack Hanks, Bruce Lemons and Delavega Trading LTD (or their respective assigns). The closing price at such date was \$0.23 per share.

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this Quarterly Report on Form 10-Q, unless the context requires otherwise, “we,” “us” and “our” refer to MMEX Mining Corporation, a Nevada corporation. The following Management’s Discussion and Analysis of Financial Condition and Results of Operation provide information that we believe is relevant to an assessment and understanding of our financial condition and results of operations. The following discussion should be read in conjunction with our financial statements and notes thereto included with this Quarterly Report on Form 10-Q, and all our other filings, including Current Reports on Form 8-K, filed with the Securities and Exchange Commission (“SEC”) through the date of this report.

Forward Looking Statements

This Quarterly Report on Form 10-Q includes both historical and forward-looking statements, which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulations. Words such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” and similar expressions, as well as statements in future tense, identify forward-looking statements. Such statements are intended to operate as “forward-looking statements” of the kind permitted by the Private Securities Litigation Reform Act of 1995, incorporated in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). That legislation protects such predictive statements by creating a “safe harbor” from liability in the event that a particular prediction does not turn out as anticipated. Forward-looking statements should not be read as a guarantee of future performance or results and will probably not be accurate indications of when such performance or results will be achieved. Forward-looking statements are based on information we have when those statements are made or our management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. You should review carefully the section entitled “Risk Factors” beginning on page 8 of our Annual Report on Form 10-K for a discussion of certain of the risks that could cause our actual results to differ from those expressed or suggested by the forward-looking statements.

The inclusion of the forward-looking statements should not be regarded as a representation by us, or any other person, that such forward-looking statements will be achieved. You should be aware that any forward-looking statement made by us in this Quarterly Report on Form 10-Q, or elsewhere, speaks only as of the date on which we make it. We undertake no duty to update any of the forward-looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, readers are cautioned not to place undue reliance on the forward-looking statements contained in this Quarterly Report on Form 10-Q.

Overview and Outlook

On May 25, 2011, the Board of Directors approved a 1 for 10 reverse stock split of its common stock. All references in the accompanying financial statements to the number of shares of common stock and loss per share have been retroactively restated to reflect the reverse stock split.

MMEX Mining Corporation has interests in coal prospects in the United States and South America. We are currently considered to be an exploration stage corporation because we are engaged in the search for coal deposits and are not engaged in the exploitation of a coal deposit. We will be in the exploration stage until we discover commercially viable coal deposits. In an exploration stage company, management devotes most of its activities to acquiring and exploring mineral properties.

On January 20, 2011 the Company executed an exclusive option agreement to purchase a 50% interest in C.I. Hunza Coal, Ltd. (Hunza), a Colombian limited liability corporation that holds various mining interests in Colombia.

On February 3, 2012 the Company executed and delivered an amendment to the Hunza option agreement which, among other items, provides that:

In order to exercise the option to acquire 50% of Hunza, the Company would be required to complete the payment of exclusivity fees on or before February 29, 2012, including issuing a \$1.2 million note convertible into 4,000,000 shares of the Company's common stock.

After exercise of the option, the Company would be obligated to fund an additional \$3.0 million upon the earlier of May 1, 2013 or 90 days after the completion of the technical resources report which will be commissioned by Hunza.

The Company would pledge one half of its interest in Hunza to secure any payment default by the Company, which default would result in a reduction of the Company's interest to 25% of Hunza.

On March 7, 2012, the Company completed the acquisition of the Hunza mine and will begin the process of evaluating its future drilling program.

Going forward, we plan to focus the company efforts in acquiring metallurgical coal assets in the country of Colombia and other Latin America countries.

Mineral Reserve Estimates

Hunza Project: On March 7, 2012 the Company completed its agreement to purchase a 50% interest in C.I. Hunza Coal, Ltd. (Hunza), a Colombian limited liability corporation that holds various mining concessions in the Boyacá Province of east-central Colombia. The coal prospects in the Hunza concessions are mid-volatility metallurgical or coking coal. We have commissioned a technical report in accordance with National Instrument (NI) 43-101 specifications. Based on the report, the in-place coal tonnage estimate for the property is in the range of 45 to 50 metric tons. The Company is undertaking a drilling program and until the drilling has been performed and the results analyzed, the estimates presented herein cannot be categorized as estimates of a coal resource under the standards of the 43-101 guidelines.

Development Strategy

Our current strategy is to focus on the acquisition of metallurgical coal assets in Colombia and other Latin American countries.

Merger with Maple Carpenter Creek Holdings, Inc

On September 21, 2010, MMEX Mining Corporation, Inc entered into a merger agreement with Maple Carpenter Creek Holdings, Inc. ("MCCH"). MCCH is engaged in the development of both thermal and metallurgical coal projects in the U.S. and Colombia. Under the terms of the merger agreement, MCCH merged with a wholly owned subsidiary of MMEX Mining Corporation in exchange for the issuance of 6,500,000 shares of MMEX Mining Corporation common stock to the owners of MCCH, of which 5,000,000 shares were issued on October 8, 2010 and 1,500,000 shares were presented as common stock payable. On January 11, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued the remaining 1,500,000 in accordance with the merger agreement. The Company reversed the subscription payable resulting in a \$15,000 adjustment to common stock payable. The owners of MCCH also were granted the right to receive an additional 1,500,000 shares of common stock as contingent consideration to vest on certain milestones defined in the definitive merger agreement. On September

13, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued 1,000,000 shares of the contingent consideration.

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

Critical Accounting Policies and Significant Judgments and Estimates

The Securities and Exchange Commission ("SEC") issued disclosure guidance for "critical accounting policies." The SEC defines "critical accounting policies" as those that require the application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Our significant accounting policies are described in the Notes to these financial statements.

Results of Operations

Revenues:

We are currently in the exploration stage and have not yet begun to generate revenues.

Exploration and development:

Exploration and development costs were \$1,894 for the nine months ended January 31, 2012 compared to \$536,248 for the nine months ended January 31, 2011, a decrease of \$534,354. The decrease was due to exploration and development being curtailed until the complete acquisition of our mining option.

General and administrative:

General and administrative expenses were \$523,661 for the nine months ended January 31, 2012 compared to \$572,996 for the nine months ended January 31, 2011, a decrease of \$49,335. The decrease is due to focus on our acquisition of our Colombian mining activity.

Payroll and taxes:

Payroll and taxes expense was \$367,622 for the nine months ended January 31, 2012 compared to \$491,403 for the nine months ended January 31, 2011, a decrease of \$123,781. The decrease was primarily due to decreased staff once we eliminated our U.S. operations.

Professional fees:

Professional fees expense was \$274,899 for the nine months ended January 31, 2012 compared to \$775,163 for the nine months ended January 31, 2011, a decrease of \$500,264. The decrease was due to reduced legal, accounting, and financial services expended on our reverse acquisition merger agreement.

Depreciation and amortization:

Depreciation and amortization expense was \$3,614 for the nine months ended January 31, 2012 compared to \$5,635 for the nine months ended January 31, 2011, a decrease of \$2,021. The decrease was due to the disposition of office equipment.

Net operating loss:

Net operating loss for the nine months ended January 31, 2012 was \$1,171,690 or \$0.10 per share compared to a net operating loss of \$2,381,445 for the nine months ended January 31, 2011, or \$0.33 per share, a decrease of \$1,209,755. Net operating loss decreased primarily as a result of our elimination of U.S. operations and expansion of our operations to Latin America during the fiscal year ended April 30, 2011.

Other expense:

We reported impairment expense of \$932,454 for the nine months ended January 31, 2012. This was incurred on the Hunza property based on the uncertainty of recouping our investment. Interest expense was \$1,433,471 and \$164,289 for the nine months ended January 31, 2012 and 2011, respectively. The increase of \$1,269,182 was due to debt issuance costs incurred. We also reported a loss on debt conversion of \$53,453 for the nine months ended January 31, 2012.

Non-controlling interests in loss of consolidated subsidiaries:

Non-controlling interests in loss of consolidated subsidiaries represented approximately \$98,624 and \$369,984 of the total losses for the nine months ended January 31, 2012 and 2011, respectively, a decrease of \$271,360.

Net loss:

We recorded a net loss of \$3,496,095 or \$0.29 per share, for the nine months ended January 31, 2012, compared to a net loss of \$2,187,101, or \$0.30 per share for the nine months ended January 31, 2011.

Liquidity and Capital Resources

Our principal source of operating capital has been provided from private sales of our common stock, preferred stock, partnership capital contributions, and debt financing. At January 31, 2012, we had a negative working capital position of \$3,462,928.

On January 28, 2011 and February 1, 2011, pursuant to Section 4(2) of the Securities Act and Regulation D thereunder, we completed the closing of 1-year Convertible Note to a group of high net worth investors for an aggregate of \$514,900. The notes carried a 25% interest rate, maturity on the first anniversary date of the note and are convertible into the Company's common stock at the holders' option at \$1.00 per common share. In addition, the Company issued warrants to purchase shares of the Company's common stock at the time of repayment or conversion of the note equal to ten warrant shares for every dollar value of the principal and interest, at an exercise price of \$1.00 per share on or before three years from the repayment or conversion date. \$489,900 of these debentures were paid in full on March 23, 2011.

On March 22, 2011 the Company issued 1,000,000 shares of Series A Preferred Stock (the "Preferred Stock") to an unrelated party in exchange for an investment of \$1,000,000. The shares may be converted into the Company's common shares at \$0.40 per common share. The Preferred Stock carry a 10% cumulative dividend, that is being reported as interest due to the classification of the preferred stock, and have a mandatory redemption feature on the earlier of March 1, 2016 or on a change of control transaction. The investment is collateralized with a security interest in 2,500,000 MMEX Mining Corporation common stock shares.

On April 25, 2011, the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$520,000 notes in a private placement transaction. The notes are due and payable on or before October 14, 2011 and carry a 25% interest rate. The computed interest of \$130,000 was added to the balance of the note. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.40, subject to adjustment for stock splits and combinations. In addition, the Company issued 1,062,500 warrants to purchase shares of the Company's common stock at an exercise price of \$.80 per share on or before three years from the repayment or conversion date. On October 14, 2011, \$62,500 of the notes plus interest were converted into common stock, the remaining \$743,750 of notes and interest were extended to April, 14, 2012. As consideration for the extension, the Company issued 989,188 warrants to purchase shares of the Company's common stock at an exercise price of \$.20 per share on or before April 25, 2014.

On May 9, 2011, the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$160,000 notes in a private placement transaction. The notes are due and payable on or before October 14, 2011 and carry a 25% interest rate. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.40, subject to adjustment for stock splits and combinations. In addition, the Company issued 250,000 warrants to purchase shares of the Company's common stock at an exercise price of \$.80 per share on or before three years from the repayment or conversion date.

On June 30, and August 8, 2011, the Company issued 360,000 shares of Armadillo Mining Corporation Preferred Stock to five unrelated parties in exchange for an investment of \$360,000. The Preferred Stock carry a 25% cumulative dividend and have a mandatory redemption feature on December 31, 2011 at a price of \$1.25 per share. In addition, the Company issued 360,000 warrants to purchase shares of the Company's common stock at an exercise price of \$0.60 per share on or before three years from the repayment or conversion date. On January 17, 2012, \$312,500 of these notes plus interest were converted into common stock, the remaining \$171,875 of notes and interest were extended to June 30, 2012. As consideration for the extension, the Company issued 484,375 warrants to purchase shares of the Company's common stock at an exercise price of \$.2095 per share on or before December 31, 2014.

On September 9, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$300,000 note in a private placement transaction. The note is due and payable on September 19, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$75,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,000,000 of the Company's common stock.

On October 28, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$500,000 note in a private placement transaction. The note is due and payable on October 31, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$125,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,665,000 of the Company's common stock.

On December 8, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The note is due and payable on December 8, 2012, carry a 25% interest rate due in full at issuance. The computed interest of \$25,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 330,000 of the Company's common stock.

On January 13, 2012, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a \$100,000 note in a private placement transaction. The note is due and payable on January 13, 2013, carry a 25% interest rate due in full at issuance. The computed interest of \$25,000 was added to the balance of the note and recorded as additional debt discount. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of \$0.075, subject to adjustment for stock splits and combinations. The note is secured with 1,666,667 of the Company's common stock.

On March 7, 2012, the Company completed a private placement of units to South American investors, with each unit consisting of one share of our common stock and one common share purchase warrant. We received gross proceeds of US\$5,534,288 at an issue price of US\$0.20 per unit. Each warrant entitles the holder to acquire an additional common share at a price of US\$0.30 per share for a period of three years.

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

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.

Future Obligations

Management projects working capital needs to be approximately \$6,000,000 over the next twelve months to complete its acquisition of current mining contracts, corporate overhead, and continue as a reporting company. Management believes that current cash and cash equivalents will not be sufficient to meet these anticipated capital requirements. Such projections have been based on remaining contractual requirements and general overhead. We will be forced to raise additional capital through the issuance of new shares, the exercise of outstanding warrants, or reduce our current overhead. However, any projections of future cash needs and cash flows are subject to substantial uncertainty. We would be required to renegotiate our current contracts until such time as necessary funds are secured.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not required by smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, Jack W. Hanks, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on the evaluation, Mr. Hanks concluded that our disclosure controls and procedures are not effective in timely alerting them to material information relating to us that is required to be included in our periodic SEC filings and ensuring that information required to be disclosed by us in the reports we file or submit under the Act is accumulated and communicated to our management, including our chief financial officer, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure, for the following reasons:

The Company does not have an independent board of directors or audit committee or adequate segregation of duties;
All of our financial reporting is carried out by our financial consultant;
We do not have an independent body to oversee our internal controls over financial reporting and lack segregation of duties due to the limited nature and resources of the Company.

We plan to rectify these weaknesses by implementing an independent board of directors and hiring additional accounting personnel once we have additional resources to do so.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There were no legal proceedings against the Company.

ITEM 1A. RISK FACTORS

Not required by smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On December 8, 2011, the Company issued and sold 50,000 shares of MMEX Mining Corporation common stock to an unrelated accredited investor in exchange for an investment of \$10,000. The proceeds will be used for working capital needs.

On March 7, 2012, the Company completed a private placement of 27,671,440 units to South American investors, with each unit consisting of one share of our common stock and one common share purchase warrant. We received gross proceeds of US\$5,534,288 at an issue price of US\$0.20 per unit.

The Company claims an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act") for the private placement of these securities pursuant to Section 4(2) of the Act and/or Regulation D promulgated there under.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. REMOVED AND RESERVED

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit

Number

Exhibit Description

31.1	Certification of Chief Executive Officer and Chief Financial Officer
------	--

32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of
------	---

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
------------	--

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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 Mining Corporation
(Registrant)

Date: March 16, 2012

By: /s/ Jack W. Hanks
Jack W. Hanks
President and Chief Executive
Officer