

MMEX Mining Corp
Form 10-Q
March 17, 2011

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

Form 10-Q

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

For the quarterly period ended January 31, 2011

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

For the transition period from ____ to ____

Commission file number 1-10262

MMEX MINING CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

26-1749145
(I.R.S. Employer
Identification No.)

2626 Cole Avenue, Suite 610
Dallas, Texas
(Address of principal executive offices)

75204
(Zip Code)

Registrant's telephone number, including area code (214) 880-0400

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer (Do not check if a smaller reporting company)

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

The number of shares of Common Stock, par value \$0.01 per share, outstanding as of March 17, 2011 was 111,657,608.

MMEX MINING CORPORATION & SUBSIDIARIES
INDEX TO QUARTERLY REPORT
January 31, 2011

Part I.	Financial Information	
Item 1.	Condensed Consolidated Financial Statements	
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Operations	4
	Condensed Consolidated Statements of Cash Flows	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	28
Item 4T.	Controls and Procedures	28
Part II.	Other Information	29
Item 1.	Legal Proceedings	29
Item 1A.	Risk Factors	29
Item 2.	Unregistered Sales of Securities and Use of Proceeds	29
Item 3.	Defaults upon Senior Securities	29
Item 4.	Removed and Reserved	29
Item 5.	Other Information	29
Item 6.	Exhibits and Reports on Form 8-K	29
	Signatures	29

MMEX MINING CORPORATION
(An Exploration Stage Company)
Condensed Consolidated Balance Sheets

	January 31, 2011 (Unaudited)	April 30, 2010
Assets		
Current assets:		
Cash	\$69,474	\$314
Prepaid expenses	4,169	65,793
Total current assets	73,643	66,107
Property and equipment, net	13,537	18,208
Other assets:		
Investment in property	-	1,413,253
Deposits	10,000	10,000
Total Assets	\$97,180	\$1,507,568
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable, including related party amounts of \$88,097 and \$135,347 at January 31, 2011 and April 30, 2010, respectively	\$766,270	\$270,482
Accrued expenses	350,522	90,328
Advances from related parties	1,543,561	-
Convertible notes, \$450,000 including related party amount of \$75,000 net of \$450,000 discount	-	-
Notes payable, including related party amounts of \$-0- and \$300,000 at January 31, 2011 and April 30, 2010, respectively	350,000	600,000
Total current liabilities	3,010,353	960,810
Long term portion of notes payable, related party	-	798,446
Total Liabilities	3,010,353	1,759,256
Stockholders' Equity (Deficit):		
Common stock, \$0.001 par value, 300,000,000 shares authorized, 111,657,608 and -0- shares issued and outstanding at January 31, 2011 and April 30, 2010, respectively	111,657	-
Additional paid in capital	7,952,072	6,890,007
Non-controlling interest	(519,545)	(2,040)
Accumulated (deficit)	(10,457,358)	(7,139,655)
Total Stockholders' Equity (Deficit)	(2,913,174)	(251,688)
Total Liabilities and Stockholders' Equity (Deficit)	\$97,179	\$1,507,568

See accompanying notes to financial statements.

MMEX MINING CORPORATION
(An Exploration Stage Company)
Condensed Consolidated Statements of Operations
(Unaudited)

	For the three months ended		For the nine months ended		For the period May 23, 2007 (Inception) through
	January 31, 2011	January 31, 2010	January 31, 2011	January 31, 2010	January 31, 2011
Revenue:					
Revenues	\$-	\$-	\$-	\$-	\$ -
Operating Expenses:					
Exploration and development	282,512	76,947	536,248	347,157	3,753,387
General and administrative	110,015	116,391	572,996	186,379	3,628,462
Payroll and taxes	153,608	142,673	491,403	211,066	1,771,053
Professional fees	174,406	52,954	775,163	453,734	2,747,817
Depreciation and amortization	2,048	5,046	5,635	7,545	13,077
Total operating expenses	722,589	394,011	2,381,445	1,205,881	11,913,796
Net operating (loss)	(722,589)	(394,011)	(2,381,445)	(1,205,881)	(11,913,796)
Other income (expense):					
Interest income	-	-	-	-	59
Gain or loss on disposal of fixed assets	(11,351)	-	(11,351)	-	(11,351)
Interest expense	(91,386)	(155,800)	(164,289)	(203,290)	(297,964)
Total other income (expense)	(102,737)	(155,800)	(175,640)	(203,290)	(309,256)
Net (loss) before income taxes and non-controlling interest	(825,326)	(549,811)	(2,557,085)	(1,409,171)	(12,223,052)
Provision for income taxes	-	-	-	-	-
Non-controlling interest in loss of consolidated subsidiaries	102,096	130,818	369,984	336,358	1,765,694
Net (loss)	\$(723,230)	\$(418,993)	\$(2,187,101)	\$(1,072,813)	\$ (10,457,358)
Weighted average number of common shares outstanding - basic and fully diluted	99,744,779	50,000,000	73,095,819	50,000,000	
Net (loss) per share – basic and fully diluted	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.02)	

See accompanying notes to financial statements.

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

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

Edgar Filing: MMEX Mining Corp - Form 10-Q

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	50,000,000	\$ 50,000	\$ 6,840,007	\$ -	\$ (7,139,655)	\$ (2,040)	\$ (251,688)
Distribution of property, Snider Ranch property	-	-	-	-	(1,130,602)	(282,651)	(1,413,253)
Common stock issued for services	500,000	500	164,500	-	-	-	165,000
Imputed interest on related party advances	-	-	40,889	-	-	-	40,889
Effect of reverse acquisition merger	45,844,269	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	313,339	313	(22,839)	-	-	22,526	-
Issuance of shares related to reverse merger	15,000,000	15,000	-	(15,000)	-	-	-
Proceeds from the issuance of Notes allocated to warrants	-	-	450,000	-	-	-	450,000
Net (loss) for the nine months	-	-	-	-	(2,187,101)	(369,984)	(2,557,085)

ended January
31, 2011

Balance,

January 31,

2011	111,657,608	\$ 111,657	\$ 7,952,072	\$ -	\$ (10,457,358)	\$ (519,545)	\$ (2,913,174)
------	-------------	------------	--------------	------	-----------------	---------------	-----------------

See accompanying notes to financial statements.

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

	For the nine months ended January 31,		For the period from May 23, 2007 (Inception) through January 31, 2011
	2011	2010	
Cash flows from operating activities			
Net (loss)	\$(2,187,101)	\$(1,072,813)	\$ (10,457,358)
Non-controlling interest in net (loss)	(369,984)	(336,358)	(1,765,694)
Adjustments to reconcile net (loss) to net cash (used) provided by in operating activities:			
Depreciation and amortization expense	5,635	7,545	13,077
Loss on sale of assets	11,351	-	11,351
Common stock issued for services	165,000	-	165,000
Imputed interest	40,889	-	40,889
Decrease (increase) in assets:			
Prepaid expenses	61,626	-	(4,169)
Deposits	-	-	(10,000)
Increase (decrease) in liabilities:			
Accounts payable, including related party amounts of \$88,097 and \$103,530 at January 31, 2011 and 2010, respectively	582,173	202,112	808,538
Accrued expenses	195,242	95,979	350,522
Net cash (used) in operating activities	(1,495,169)	(1,103,535)	(10,847,844)
Cash flows from investing activities			
Purchase of fixed assets	(15,325)	(1,320)	(40,975)
Proceeds from sale of fixed assets	3,010	-	3,010
Net cash (used) in investing activities	(12,315)	(1,320)	(37,965)
Cash flows from financing activities			
Capital contributions from members	723,796	432,669	8,653,989
Proceeds from long term debt	550,000	653,001	2,200,000
Advances from related parties	1,501,294	-	1,501,294
Payments on notes payable	(1,198,446)	(15,663)	(1,400,000)
Net cash provided by financing activities	1,576,644	1,070,007	10,955,283
Net increase (decrease) in cash	69,160	(34,848)	69,474
Cash - beginning	314	38,479	-
Cash - ending	\$69,474	\$3,631	\$ 69,474
Supplemental disclosures:			
Interest paid	\$155,406	\$107,311	\$ 273,841
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)	\$-	\$ (1,413,253)

Edgar Filing: MMEX Mining Corp - Form 10-Q

Effect of reverse acquisition merger	\$(70,832)	\$-	\$ (70,832)
Conversion of minority interest into equity	\$(22,839)		
Debt discount on issuance of warrants	\$450,000	\$-	\$ 450,000

See accompanying notes to financial statements.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 – Nature of Business and Significant Accounting Policies

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”)	100%	Corporation	British Virgin Isl.	Subsidiary
Armadillo Mining Corp. (“AMC”)	80%	Corporation	British Virgin Isl.	Subsidiary

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.

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

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 comparative financial statements herein include the fiscal year ended April 30, 2010 and the three and nine months ended January 31, 2011 and January 31, 2010.

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 4,000,000 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 owns an 80% 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 313,339 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.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Merger with Maple Carpenter Creek Holdings, Inc

On September 21, 2010, MMEX Mining Corporation entered into a merger agreement with Maple Carpenter Creek Holdings, Inc. (“MCCH”) that closed on September 23, 2010. Under the terms of the merger agreement, MCCH merged with a wholly owned subsidiary of MMEX Mining Corporation., MCC Merger, Inc. (“MCCM”), which was formed just prior to the merger and subsequently dissolved, in exchange for the issuance of 65,000,000 shares of MMEX Mining Corporation, common stock to the owners of MCCH, of which 50,000,000 shares were issued on October 8, 2010 and 15,000,000 shares issued on January 12, 2011. The merger resulted in the owners of MCCH gaining control of MMEX Mining Corporation. The owners of MCCH also were granted the right to receive an additional 15,000,000 shares of common stock as contingent consideration to vest on certain milestones defined in the definitive merger agreement as follows:

- 10,000,000 shares upon the closing of equity or debt financing that generates at least 2 million in net proceeds,
- 2,500,000 shares upon the successful generation of \$250,000 in revenue from coal sales in any fiscal quarter,
- 2,500,000 shares upon the successful closing of additional equity or debt financing that will generate at least \$2,000,000 in net proceeds.

For financial statement reporting purposes, the merger agreement was treated as a reverse acquisition with MCCH deemed the accounting acquirer and the Company deemed the accounting acquiree under the purchase method of accounting in accordance with Accounting Standards Codification (“ASC”) 805-10-40, Business Combinations – Reverse Acquisitions. The reverse merger is deemed a recapitalization and the consolidated financial statements reflect the assets and liabilities of MCCH recognized and measured at their carrying value before the combination and the assets and liabilities of the Company (the legal acquirer/legal parent) are measured at fair value. The carrying value of the Company’s net assets approximates fair value at the date of acquisition. The fair value of the net assets acquired is (\$70,832). The equity structure reflects the equity structure of the Company, the legal parent, and the equity structure of MCCH, the accounting acquirer, as restated using the exchange ratios established in the merger agreement to reflect the numbers of shares of the legal parent. References to the “Company” in these notes refer to MMEX Mining Corporation and its wholly owned subsidiary, MCCH, as well as the previously discussed subsidiaries.

As of the date of the merger agreement, MCCH was focused on the development of both thermal and metallurgical coal projects in the United States and in Colombia. MCCH had the following coal project interests as of the date of closing of the merger:

Carpenter Creek, Montana: An 80% interest in the Carpenter Creek coal prospect near Round Up, Montana. – MCCH controls the surface rights covering a resource potential of 345 million tons; and the mineral rights for a resource potential of over 83 million tons of coal. Negotiations for the sale of this prospect are ongoing.

Snider Ranch, Montana: An 80% interest in the Snider Ranch real estate and coal prospect and the Mattfield and Janich Ranch prospects, both of which prospects are adjacent to the Signal Peak Mine, near Roundup, Montana. MCCH controls the surface rights covering a resource potential of over 43 million tons of coal. This prospect was sold on December 21, 2010 for \$1,500,000.

Armadillo Group Holdings Corporation: An 80% ownership of Armadillo Mining Corp. (“AMC”) in Colombia. As of the date of closing of the merger, AMC had exclusive options to acquire two metallurgical coal mines in the Cundinamarca province of Colombia: (i) Caparrapi is a permitted mine with minimum production and with a resource potential of 11 million metric tons; (ii) Yacopi has resource potential of 40 million metric tons. AMC has terminated

the exclusive options for the Caparrapi and Yacopi mines. On January 20, 2011, AMC acquired an option to purchase a 50% interest in a permitted and operating mine Company in Colombia producing metallurgical coal, with a potential resource of 16 million tons to 90 million tons based on existing exploration resources reports..

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 and to sell the project located in the U.S. We believe the benefits of selling the U.S. assets include reduced capital requirements on the Company, and the ability to access industry technical development experience and marketing expertise.

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 \$10,457,358 and used net cash in operations of \$10,847,844 for the period from inception (May 23, 2007) through January 31, 2011. 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.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Unaudited Interim Financial Information

The accompanying balance sheet as of January 31, 2011, statement of operations for the three and nine months ended January 31, 2011, and 2010, statement of stockholder's equity (deficit) and statements of cash flows for the three and nine months ended January 31, 2011 and 2010 are unaudited. These unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In the opinion of the Company's management, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments necessary for the fair presentation of the Company's statement of financial position at January 31, 2011, its results of operations and its cash flows for the nine months ended January 31, 2011. The results for the nine months ended January 31, 2011 are not necessarily indicative of the results to be expected for the fiscal year ending April 30, 2011.

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 and fixtures	5 years
Machinery and equipment	5 years
Software and hardware	5 years

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, 2011.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Advertising and promotion

All costs associated with advertising and promoting products are expensed as incurred. No expenses were incurred for the nine months ended January 31, 2011 and 2010, 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.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

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. We are currently evaluating the impact of this ASU; however, we do not expect the adoption of this ASU to 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 Company is currently evaluating the impact of this standard on its results of operations and financial condition.

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value, which provides additional guidance on how companies should measure liabilities at fair value under ASC 820. The ASU clarifies that the quoted price for an identical liability should be used. However, if such information is not available, an entity may use the quoted price of an identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities traded as assets, or another valuation technique (such as the market or income approach). The ASU also indicates that the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer and

indicates circumstances in which quoted prices for an identical liability or quoted price for an identical liability traded as an asset may be considered level 1 fair value measurements. This ASU is effective October 1, 2009. The adoption of this ASU did not impact the Company's results of operations or financial condition.

Effective July 1, 2009, the Company adopted the FASB Accounting Standards Codification ("ASC") 105-10, Generally Accepted Accounting Principles—Overall ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout these consolidated financials have been updated for the Codification.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

In June 2009, the Financial Accounting Standards Board (“FASB”) issued the FASB Accounting Standards Codification (the “ASC”). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (“GAAP”) recognized by the FASB in the preparation of financial statements. The Company adopted the ASC as of July 1, 2009. The ASC does not change GAAP and did not have an effect on the Company’s financial position, results of operations or cash flows.

The Company applies FASB ASC 810, Non-controlling Interests in Consolidated Financial Statements – an Amendment to ARB No. 51 (“ASC 810”). ASC 810 requires non-controlling interests (previously referred to as non-controlling interests) to be reported as components of equity and net income or loss, which changes the accounting for transactions with non-controlling interest holders. Prior to January 1, 2009 the non-controlling interest had been reduced to zero, therefore we had no beginning balance of the non-controlling at May 1, 2009. The adoption of this standard did not have a material impact on our condensed consolidated 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 \$10,457,358 and a working capital deficit of \$2,936,711 at January 31, 2011, 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

On July 30, 2008, Maple Resources Corporation (“MRC”), a related party via common control from the Company’s CEO, Jack Hanks, purchased the Snider Ranch in Musselshell and Yellowstone Counties, Montana for \$1,615,000. Simultaneously, MCC and MRC executed an option agreement whereby MCC became responsible for all principal

and interest payments on a \$1,000,000 bank note payable issued in MRC's name in connection with its acquisition of the Snider Ranch and all other payments made by MRC to acquire the Snider Ranch. MRC had agreed that upon successful repayment of the note, it would transfer the Snider Ranch title to MCC. MCC also had issued MRC a \$0.08/ton royalty from all future production generated from the Snider Ranch prospect as consideration for MRC and Jack W. Hanks, personally, guaranteeing the loan. The expected fair value of this royalty could not readily be determined, and as such, was not recognized. The value of the property was periodically measured for impairment and \$201,747 of impairment charges were recognized during the year ended, April 30, 2010. On September 2, 2010, the option to purchase the Snider Ranch was distributed to the owners of MCC and recorded as a dividend in the amount of \$1,413,253. In the merger with MMEX, MCC partners, The Maple Gas Corporation and AAM Investments, LLC assigned their rights under the option agreement to the Company. Subsequently, on December 21, 2010, Maple Resources Corporation sold the Snider Ranch property located in Yellowstone and Musselshell counties, Montana, to Great Northern Properties Limited Partnership, and the Company's subsidiary relinquished its option right to acquire this property. The net proceeds on the sale after payment of closing costs and proceeds to minority interest holders was \$1,412,136. MCC partners, The Maple Gas Corporation and AAM Investments, LLC advanced the net proceeds to MCC to extinguish debts associated with the Snider Ranch prospect and other working capital needs.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

On August 5, 2008, Maple Resource Company, a mutually owned entity under common management by the Company's CEO, Jack Hanks, received a promissory note in the original principal balance of \$1,000,000, a mutually owned company of the CEO, Jack Hanks, and assigned to Carpenter Creek, LLC, along with the investment in property, which carried a 7% interest rate, matured on August 11, 2013, and was secured by an investment in the Snider Ranch property. The balance of the note of \$793,546 which included some accrued interest was paid in full on the sale of Snider Ranch on December 21, 2010.

During the period from May 1, 2009 through April 30, 2010, Tydus Richards, the former Chairman of our board of directors and shareholder, made payments totaling \$71,700 on behalf of the Company. The Company reimbursed Mr. Richards \$8,700 on September 3, 2009 and the remaining balance of \$63,000 was outstanding as of April 30, 2010. During the first and second quarter of the current fiscal year, Mr. Richards made additional payments totaling \$7,633 on behalf of the Company. On May 12, 2010, the Company reimbursed an additional \$39,000 of the balance and the remaining balance of \$31,633 remains outstanding.

On July 15, 2009, MCC entered into a loan agreement with an Irrevocable Trust, of which the Company's CEO is the trustee. The unsecured promissory note, carried a 20% interest rate until maturity at July 15, 2010, at which time the principal interest (or \$60,000), was compounded and extended under an amended agreement carrying a 10% interest that is being amortized over the extended life of the loan. The promissory note plus total accrued interest of \$96,000 was paid in full on December 23, 2010.

On July 16, 2009, the Company entered into a Consulting Services Agreement with Lotus Asset Management ("Lotus") controlled by Tydus Richards, the former Chairman of our board of directors. Pursuant to the agreement, in consideration for providing certain services to us, Lotus was entitled to a monthly fee in the amount of \$20,000. The agreement expired November 16, 2009. The Company incurred \$20,000 under the terms of the agreement for the three months ended July 31, 2009, which is included in consulting expenses in the accompanying statements of operations. As of July 31, 2010, no amounts were outstanding under the agreement.

On September 2, 2010 the Company's subsidiary, Maple Carpenter Creek, LLC, a Nevada limited liability company entered into a distribution resolution and agreement to distribute the Snider Ranch investment property, carrying a value of \$1,413,253 at the time of distribution, to its partners; Garb Holdings, LLC, AAM Investments, LLC, and Maple Resources Corporation. The Company's Officers and Directors are majority owners of AAM Investments, LLC and Maple Resources Corporation.

On September 4, 2010, MCCH entered into an employment agreement with the Company's CEO, Jack W. Hank for a two year term, automatically renewable for one year terms thereafter, at an annual compensation of \$300,000 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.

In connection with the closing of the merger with MCCH, our executive officers (David Walters, President and Matt Szot, Chief Financial Officer) and directors (Mr. Walters) resigned, effective September 22, 2010, and we appointed designees of MCCH (Jack W. Hanks and Bruce N. Lemons) as the new directors, all effective as of September 23, 2010. The board also named Mr. Hanks as our new President and Chief Executive Officer.

Starting on October 13, 2010 and at various times through January 31, 2011, the Company's Director Bruce N. Lemons advanced the Company a total of \$25,800 that is outstanding in accounts payable at January 31, 2011. Interest was imputed at 10% and the advances are due on demand.

On December 22, 2010, AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, advanced the Company \$706,112 that is outstanding in advances at January 31, 2011. Interest was imputed at 10% and the advances are due on demand.

Starting on December 22, 2010 and at various times through January 31, 2011, The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO advanced the Company a total of \$780,016 that is outstanding in advances at January 31, 2011. Interest was imputed at 10% and the advances are due on demand.

For the period from inception (May 23, 2007) through January 31, 2011, there has been contributions of capital from members of \$7,696,652 and contributions of capital from shareholders of \$343,139.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

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 relieved the subscription payable.

On October 8, 2010 the Company issued 25,000,000 shares of common stock 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. The shares were previously reserved for DE Investments Corporation due to an agreement in place between DE Investments Corporation and the Company's majority shareholders not with MMEX. The majority shareholders may have an obligation to transfer these shares in the future.

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.

Note 4 – Prepaid Expenses

As of January 31, 2011 and April 30, 2010 prepaid expenses included the following:

	January 31, 2011	April 30, 2010
Prepaid Utilities	\$ 4,169	\$ 4,169
Prepaid Legal Services	-	10,000
Preapid Leases	-	51,624
	\$ 4,169	\$ 65,793

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 5 – Property and Equipment

Property and Equipment consists of the following:

	January 31, 2011	April 30, 2010
Furniture and fixtures	\$ -	\$ 6,001
Software and hardware	15,325	19,649
	15,325	25,650
Less accumulated depreciation and amortization	(1,788)	(7,442)
	\$ 13,537	\$ 18,208

Depreciation and amortization expense totaled \$5,635 and \$7,545 for the nine months ended January 31, 2011 and 2010, respectively.

Note 6 – Investment in Property

On July 30, 2008, Maple Resources Corporation (“MRC”), a related party via common control from the Company’s CEO, Jack Hanks, purchased the Snider Ranch in Musselshell and Yellowstone Counties, Montana for \$1,615,000. Simultaneously, MCC and MRC executed an option agreement whereby MCC became responsible for all principal and interest payments on a \$1,000,000 bank note payable issued in MRC’s name in connection with its acquisition of the Snider Ranch and all other payments made by MRC to acquire the Snider Ranch. MRC has agreed that upon successful repayment of the note, it will transfer the Snider Ranch title to MCC. MCC also has issued MRC a \$0.08/ton royalty from all future production generated from the Snider Ranch prospect as consideration for MRC and Jack W. Hanks, personally, guaranteeing the loan. The expected fair value of this royalty could not readily be determined, and as such, was not recognized. The value of the property was periodically measured for impairment and \$201,747 of impairment charges were recognized during the year ended, April 30, 2010. On September 2, 2010, the option to purchase the Snider Ranch was distributed to the owners of MCC and recorded as a dividend in the amount of \$1,413,253. In the merger with MMEX, MCC partners, The Maple Gas Corporation and AAM Investments, LLC assigned their rights under the option agreement to the Company. Subsequently, on December 21, 2010, Maple Resources Corporation sold the Snider Ranch property located in Yellowstone and Musselshell counties, Montana, to Great Northern Properties Limited Partnership, and the Company’s subsidiary relinquished its option right to acquire this property.

Note 7 – Accrued Expenses

As of January 31, 2011 and April 30, 2010 accrued expenses included the following:

	January 31, 2011	April 30, 2010
Accrued Lease Expenses	\$ 98,688	\$ -
Accrued Payroll, Officers	191,863	-
Accrued Interest	59,971	90,328
	\$ 350,522	\$ 90,328

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 8 – Notes Payable

Long term debt consists of the following at January 31, 2011 and April 30, 2010, respectively:

	January 31, 2011	April 30, 2010
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 is 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 \$0.37, subject to adjustment for stock splits and combinations. Accrued interest of \$4,486 and \$0 was outstanding at January 31, 2011 and April 30, 2010 respectively.	\$ 50,000	\$ -
Unsecured promissory note, matured on July 15, 2009, carrying a 10% default rate. Accrued interest of \$55,486 and \$42,986 was outstanding at January 31, 2011 and April 30, 2010, respectively.	300,000	300,000
Related party, unsecured promissory note, carried a 20% interest rate until maturity at July 15, 2010, at which time the principal and 20% interest (or \$60,000), was compounded and extended under a an amended agreement carrying a 10% interest rate that was being amortized over the extended life of the loan. Matures on July 15, 2011. Accrued interest of \$0 and \$47,342 was outstanding at January 31, 2011 and April 30, 2010, respectively. This note and accrued interest of \$96,000 was retired on December 21, 2010, upon the closing of the Snider Ranch sale.	-	300,000
Promissory note in the original principal balance of \$1,000,000 owed by Maple Resources Company, a mutually owned company of the CEO, Jack Hanks, and assigned to Carpenter Creek, LLC, along with the investment in property, carries a 7% interest rate, matures on August 11, 2013, secured by an investment in property; Snider Ranch. This note was retired on December 21, 2010, upon the closing of the Snider Ranch sale.	-	798,446
On January 27, 2011, the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of \$450,000 convertible notes in a private placement transaction. \$75,000 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 \$0.10, subject to adjustment for stock splits and combinations.	450,000	-

Debt issuance discount	(450,000)	-
	\$ 350,000	\$ 1,398,446
Less: Current maturities	350,000	600,000
Long term portion of notes payable	\$ -	\$ 798,446

The Company allocated the proceeds from the issuance of the Notes to the warrants and the Notes based on their relative fair market values at the date of issuance. The value assigned to the warrants of \$450,000 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 Notes as additional interest expense.

The Company recorded interest expense on long term debt in the amount of \$164,289 and \$203,290 for the nine months ended January 31, 2011 and 2010, respectively.

Note 9 – Changes in Stockholders' Equity (Deficit)

The Company is authorized to issue up to 300,000,000 shares of its \$0.001 par value common stock. There were 111,657,608 shares issued and outstanding at January 31, 2011. The Company had a commitment to issue 15,000,000 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 has a contingent commitment to issue up to another 15,000,000 shares of common stock if certain milestones are achieved.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

On May 28, 2009, the Company completed a five-for-one stock split of the Company's common stock and an increase in the number of our authorized shares of common stock from 75,000,000 to 300,000,000.

For the period from inception (May 23, 2007) through January 31, 2011, 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 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, 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 25,000,000 shares of common stock 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.

Common stock issued subsequent to the merger with MCCH

On October 12, 2010 the Company granted 500,000 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 313,339 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 7,500,000 shares of common stock 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 DEIC agreement. 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 7,500,000 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 DEIC agreement. 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.

5,625,000 warrants were issued in connection with the Convertible Note Agreement. These warrants are exercisable at price of \$0.10 per share and are exercisable for three years. The warrants were valued using the relative fair market value at the date of issuance. The value assigned to the warrants of \$450,000 has been recorded as debt discount and is being amortized over the original one-year term of the debentures as financing cost. No amortization has been recognized as of January 31, 2011.

Common stock reserved

At January 31, 2011, 4,635,135 shares of common stock were reserved for debt conversion purposes.

Note 11 – Convertible Debentures

On January 28, 2011, the Company closed a Convertible Note Agreement and issued \$450,000 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 \$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.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

The Company allocated the proceeds from the issuance of the Notes to the warrants and the Notes based on their relative fair market values at the date of issuance. The value assigned to the warrants of \$450,000 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 Notes as additional interest expense.

Note 12 - Non-controlling Interests

On January 31, 2011, non-controlling interests held an approximate 17% residual interest in MCCH through varying interests in MCCH and its subsidiaries, as acquired through our reverse acquisition merger on September 23, 2010. Pursuant to that merger between MCC Merger, Inc., a wholly owned subsidiary of Management, Inc., and MCCH, we acquired entities that directly, and indirectly, held non-controlling interests in both, consolidated Corporations and Partnerships. MCCH's interest in its subsidiaries, MCC and AHGC brought non-controlling interests of 20% in MCC's subsidiary, CC and 1.88% in AHGC, respectively. The 1.88% interest in AHGC was converted to stock in MMEX on December 22, 2010. In turn, MCC held a 5% non-controlling interest in CC, and AHGC held an 80% non-controlling interest in AMC.

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 15,000,000 shares of common stock as contingent consideration to vest on certain milestones defined in the definitive merger agreement as follows:

- 10,000,000 shares upon the closing of equity or debt financing that generates at least 2 million in net proceeds,
- 2,500,000 shares upon the successful generation of \$250,000 in revenue from coal sales in any fiscal quarter,
- 2,500,000 shares upon the successful closing of additional equity or debt financing that will generate at least \$2,000,000 in net proceeds.

Legal

There were no legal proceedings against the Company.

Operating Leases Commitments

All of our leases are currently in default due to non-payment of lease rental.

Bolzer Lease:

Under the terms of the Bolzer Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$62,541 in each year during the initial ten (10) year term of the Bolzer Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Bridger Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Bolzer Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal. In the event that the Royalty and/or the Damage Fee in any year during the term exceed twice the Minimum Annual Payment, the Company is not required to make the Minimum Annual Payment for that year.

The Bolzer Lease is effective for a ten year term. The Company has the right to renew the Bolzer Lease for two additional ten year terms upon at least ninety days written notice to the lessors prior to the expiration of the then-current term. After three years from the effective date, the Company has the right to terminate the Bolzer Lease, on any annual anniversary, upon ninety days prior written notice to the lessors and upon payment of all damage fees, rentals and royalties accrued through the date of termination.

We have received a notice of default from the lessor of the property.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Bergin Lease:

Under the terms of the Bergin Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$41,451 in each year during the initial ten (10) year term of the Bergin Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Mattfield Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Bergin Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Brewer Lease:

Under the terms of the Brewer Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$36,670 in each year during the initial ten (10) year term of the Brewer Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Brewer Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Brewer Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Wilson Lease:

Under the terms of the Wilson Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$40,400 in each year during the initial ten (10) year term of the Wilson Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Wilson Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Wilson Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Hougen Lease:

Under the terms of the Hougen Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$50,311 in each year during the initial ten (10) year term of the Hougen Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Hougen Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Hougen Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Musselshell County Lease:

Under the terms of the Musselshell County Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$26,939 in each year during the initial ten (10) year term of the Musselshell County Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Musselshell County Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Musselshell County Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Meredith Lease:

Under the terms of the Meredith Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$43,679 in each year during the initial ten (10) year term of the Meredith Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Meredith Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Meredith Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Mattfield Lease:

Under the terms of the Mattfield Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$50,000 in each year during the initial ten (10) year term of the Mattfield Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Mattfield Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Mattfield Property, the Company is required to pay a damage fee of \$0.15 per ton for such coal.

Knapp Lease:

Under the terms of the Knapp Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$15,450 in each year during the initial ten (10) year term of the Knapp Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Knapp Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Knapp Property, the Company is required to pay a use fee of \$0.15 per ton or .75% gross proceeds for such coal, whichever is greater.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Janich Lease:

Under the terms of the Janich Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$30,051 in each year during the initial ten (10) year term of the Janich Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Janich Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Janich Property, the Company is required to pay a use fee of \$0.15 per ton for such coal.

TY Checketts Lease (assigned from Fulton):

Under the terms of the Ty Checketts Lease, the Company is required to pay to the lessors (1) a minimum annual payment in an amount equal to \$88,050 in each year during the initial ten (10) year term of the Lease, subject to increases in future years and (2) a royalty equal to 12.5% of the gross proceeds on all coal mined from the Checketts Property. In addition, unless coal is mined from minerals owned by the lessors, for each ton of coal mined from, stored on or transported across the Checketts Property, the Company is required to pay a damage fee of \$0.15 per ton or .75% of gross proceeds for such coal, whichever is greater.

Marsh / Snider Ranch Lease:

Under the terms of the Marsh / Snider Ranch Option to Lease, the Company was required to pay to the lessors a minimum monthly payment of \$1,000 for twenty-four (24) months term of the option. This commitment terminated on the sale of Snider Ranch.

Future minimum lease payments required under operating leases are as follows:

Year Ending April 30,	Amount
2011	\$ 286,596
2012	133,505
2013	62,541
2014	62,541
2015	62,541
Thereafter	250,164
	\$ 857,689

Lease expense was \$336,248 and \$329,662 for the nine months ended January 31, 2011 and 2010, respectively.

Note 14 – Subsequent Events

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also requires disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Because ASC Topic 855 impacts the disclosure requirements, and not the accounting treatment for subsequent events, the adoption of ASC Topic 855 did not impact the Company's results of operations or financial condition. In connection with preparing the accompanying financial statements for the periods ended January 31, 2011 and 2010, management evaluated subsequent events through the date that such

financial statements were issued.

In February 2010, the FASB amended its guidance on subsequent events to remove the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events, for both issued and revised financial statements. This amendment alleviates potential conflicts between the FASB's guidance and the reporting rules of the SEC. Our adoption of this amended guidance, which was effective upon issuance, had no effect on our financial condition, results of operations, or cash flows.

MMEX Mining Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

On February 1, 2011, the Company entered into a securities purchase agreements with The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, for the issuance of a convertible debentures in the amount of \$39,100. The promissory note carries a 25% interest rate, matures on January 31, 2012 and is 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 at the same price as that provided to participants of the offering closed on January 28, 2011.

On February 1, 2011, the Company entered into a securities purchase agreements with 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 \$25,800. The promissory note carries a 25% interest rate, matures on January 31, 2012 and is 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 at the same price as that provided to participants of the offering closed on January 28, 2011.

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

MMEX Mining Corporation has interests in thermal coal projects in Montana, which at January 31, 2011 consisted of Carpenter Creek and Bridger-Fromberg-Bear Mountain projects. Snider Ranch prospect in Montana was sold to Great Northern Properties Limited Partnership on December 21, 2010. All of our leases are currently in default due to non-payment on contractual lease payments. 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 on Carpenter Creek, Bridger-Fromberg-Bear Mountain or any other property that we acquire, if ever. 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. 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

Carpenter Creek. The project is in the exploration stage and requires additional drilling and study to establish reserve estimates. Skelly and Loy, Inc, an engineering consulting firm, reissued its report entitled "Maple Carpenter Creek Coal Resource Re-Evaluation and Valuation dated October 1, 2010 (the "Report"). The Report states that total estimated tonnage of the McCleary and Carpenter Creek seams is approximately 1.1 Billion tons of which over 466 million tons fall into the Demonstrated category. Maple Carpenter Creek, 80% owned by MMEX Mining Corporation has control of over 196 Million Demonstrated tons. The Report stated that based on quality information available, average washed quality estimates were prepared by Skelly and Loy for coal in each of the USGS classifications. For the McCleary seam, the ash has been estimated to range from 6.19 to 6.36%, sulfur from 0.47 to 0.51% and BTU from 12,485 to 12,535 BTUs per pound (dry basis). On the same basis for the Carpenter Creek seam, ash is projected from 5.32 to 5.57%, sulfur from 0.56 to 0.58% and BTU's from 12,797 to 12,808 per pound (dry basis).

Bridger-Fromberg-Bear Mountain. The project is still in the exploration stage and requires additional drilling and study to establish reliable reserve estimates. Based on similar reserves in proximity and related coal seams, our external consultants have assumed for business planning purposes a resource size of at least 200 million tons, a heat rate of more than 11,000 Btu, and less than 1% sulfur. However, there is no assurance that a commercially viable coal deposit exists on the project site. Furthermore, there is no assurance that we will be able to successfully develop the project or identify, acquire or develop other coal properties that would allow us to profitably extract and distribute coal and to emerge from the exploration stage.

Hunza. The project is in the exploration stage and requires additional drilling and study to establish reserve estimates. There are two extant resources reports that were prepared prior to Armadillo Mining Corporation execution of the Exclusive Option Agreement. One report estimates resources in the 16 million tons range and the other report estimates resources in the 90 million tons range. Armadillo has retained Norwest Corporation to prepare a resources report that will be completed prior to April 1, 2011.

Development Strategy

Our current strategy is to focus on the acquisition of metallurgical coal assets in Colombia and other Latin American countries. We intend to sell our Carpenter Creek project. We believe the benefits of this strategy include reduced capital requirements on the Company, and the ability to access industry technical development experience and marketing expertise.

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. MCCH had the following coal project interests as of the date of closing of the merger:

- Carpenter Creek, Montana: An 80% interest in the Carpenter Creek coal prospect near Round Up, Montana. – MCCH controls the surface rights covering a resource potential of 345 million tons; and the mineral rights for a resource potential of over 83 million tons of coal.
- Snider Ranch, Montana: An 80% interest in the Snider Ranch real estate and coal prospect and the Mattfield and Janich Ranch prospects, both of which prospects are adjacent to the Signal Peak Mine, near Roundup, Montana. MCCH controls the surface rights covering a resource potential of over 43 million tons of coal. This property was subsequently sold in December 2010.
- Armadillo Group Holdings Corporation: An 80% ownership of Armadillo Mining Corp. ("AMC") in Colombia. As of the date of closing of the merger, AMC had exclusive options to acquire two metallurgical coal mines in the Cundinamarca province of Colombia: (i) Caparrapi is a permitted mine with minimum production and with a resource potential of 11 million metric tonnes; (ii) Yacopi has resource potential of 40 million metric tonnes. As of the date of this filing, AMC has terminated the exclusive options for the Caparrapi and Yacopi mines. During November 2010, AMC decided not to pursue these projects.

Under the terms of the merger agreement, MCCH merged with a wholly owned subsidiary of MMEX Mining Corporation in exchange for the issuance of 65,000,000 shares of MMEX Mining Corporation common stock to the owners of MCCH, of which 50,000,000 shares were issued on October 8, 2010 and 15,000,000 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 15,000,000 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 15,000,000 shares of common stock as contingent consideration to vest on certain milestones defined in the definitive merger agreement.

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 for the Three Months Ended January 31, 2011 and January 31, 2010:

	For the Three Months Ended		Increase/ (Decrease)
	January 31, 2011	January 31, 2010	
Revenue	\$ -	\$ -	\$-
Exploration and development	282,512	76,947	205,565
General and administrative	110,015	116,391	(6,376)
Payroll and taxes	153,608	142,673	10,935
Professional fees	174,406	52,954	121,452
Depreciation and amortization	2,048	5,046	(2,998)
Total operating expenses	722,589	394,011	328,578
Net operating (loss)	(722,589)	(394,011)	328,578
Total other income (expense)	(102,737)	(155,800)	53,063
Net (loss) before income taxes and non-controlling interest	(825,326)	(549,811)	275,515
Non-controlling interest in loss of consolidated subsidiaries	102,096	130,818	(28,722)
Net (loss)	\$ (723,230)	\$ (418,993)	304,237

Revenues:

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

Exploration and development:

Exploration and development costs were \$282,512 for the three months ended January 31, 2011 compared to \$76,947 for the three months ended January 31, 2010, an increase of \$205,565. The increase was due to additional surface leases that we entered into in our subsidiary, Carpenter Creek, LLC, along with due diligence payments to acquire rights in Colombia mines that were not incurred in prior periods through our subsidiary, Armadillo Mining Corporation.

General and administrative:

General and administrative expenses were \$110,015 for the three months ended January 31, 2011 compared to \$116,391 for the three months ended January 31, 2010, a decrease of \$6,376. The slight decrease was primarily due to the closing of our Montana office.

Payroll and taxes:

Payroll and taxes expense was \$153,608 for the three months ended January 31, 2011 compared to \$142,673 for the three months ended January 31, 2010, an increase of \$10,935. The increase was primarily due to increased salaries to our COO for services performed at Maple Carpenter Creek which were incurred on a part time basis in the comparative period ending, January 31, 2010 as his time commitments increased to focus on our coal projects.

Professional fees:

Professional fees expense was \$174,406 for the three months ended January 31, 2011 compared to \$52,954 for the three months ended January 31, 2010, an increase of \$121,452. The increase was due to legal and accounting services related to our reverse acquisition merger agreement between ourselves and MCCH on September 21, 2010, and engineering and legal services regarding acquisition rights in Columbia.

Depreciation and amortization:

Depreciation and amortization expense was \$2,048 the three months ended January 31, 2011 compared to \$5,046 for the three months ended January 31, 2010, a decrease of \$2,998. The decrease was due to the disposition of assets after closing our remote office.

Net operating loss:

Net operating loss for the three months ended January 31, 2011 was \$722,589 or (\$0.01) per share compared to a net operating loss of \$394,011 for the three months ended January 31, 2010, or (\$0.01) per share, an increase of \$328,578. Net operating loss increased primarily as a result of our increased operating expenses as we expanded our operations to Latin America during the three months ended January 31, 2011. We were not operating in Latin America during the comparable period in 2009.

Other income (expense):

Other expenses consisted of interest expense and loss on sale of fixed assets. Interest, which was \$91,386 and \$155,800 for the three months ended January 31, 2011 and 2010, respectively. The decrease of \$64,414 was due to debt issuance costs incurred in the comparable three month period in 2010. Loss on the disposal of fixed assets was \$11,351 and \$0 for the three months ended January 31, 2011 and 2010, respectively.

Non-controlling interests in loss of consolidated subsidiaries:

Non-controlling interests in loss of consolidated subsidiaries represented approximately \$102,096 and \$130,818 of the total losses for the three months ended January 31, 2011 and 2010, respectively. Our non-controlling interest in our losses decreased by \$28,722 as a result of conversion of one of our minority interest holder's interest into common shares of MMEX.

Net loss:

The net loss for the three months ended January 31, 2011 was \$723,230 compared to a net loss of \$418,993 for the three months ended January 31, 2010, an increased net loss of \$304,237. Net loss increased primarily as a result of our increased operating expenses as we expanded our operations to Latin America during the three months ended January 31, 2011. We were not operating in Latin America during the comparable period in 2010.

Results of Operations for the Nine Months Ended January 31, 2011 and January 31, 2010:

	For the Nine Months Ended		Increase/ (Decrease)
	2011	January 31, 2010	
Revenue	\$ -	\$ -	\$ -
Exploration and development	536,248	347,157	189,091
General and administrative	572,996	186,379	386,617
Payroll and taxes	491,403	211,066	280,337
Professional fees	775,163	453,734	321,429
Depreciation and amortization	5,635	7,545	(1,910)
Total operating expenses	2,381,445	1,205,881	1,175,564
Net operating (loss)	(2,381,445)	(1,205,881)	1,175,564
Total other income (expense)	(175,640)	(203,290)	(27,650)
Net (loss) before income taxes and non-controlling interest	(2,557,085)	(1,409,171)	1,147,914
Non-controlling interest in loss of consolidated subsidiaries	369,984	336,358	33,626
Net (loss)	\$(2,187,101)	\$(1,072,813)	\$1,114,288

Revenues:

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

Exploration and development:

Exploration and development costs were \$536,248 for the nine months ended January 31, 2011 compared to \$347,157 for the nine months ended January 31, 2010, an increase of \$189,091. The increase was due to additional surface leases that we entered into in our subsidiary, Carpenter Creek, LLC, along with due diligence payments to acquire rights in Colombia mines that were not incurred in prior periods through our subsidiary, Armadillo Mining Corporation.

General and administrative:

General and administrative expenses were \$572,996 for the nine months ended January 31, 2011 compared to \$186,379 for the nine months ended January 31, 2010, an increase of \$386,617. This increase is mainly due to increased travel expenses incurred to visit coal mine prospects in Colombia and incurred due diligence costs to secure rights to Colombia mines as we developed our newly formed Latin American business during the nine months ended January 31, 2011 that were not incurred in the comparable period in 2010.

Payroll and taxes:

Payroll and taxes expense was \$491,403 for the nine months ended January 31, 2011 compared to \$211,066 for the nine months ended January 31, 2010, an increase of \$280,337. Salaries for our COO were previously incurred by

Maple Carpenter Creek on a part time basis during the nine months ending January 31, 2011, but were increased to full time as more of his expertise over our new coal projects was needed than in the comparative nine month period in 2010.

Professional fees:

Professional fees expense was \$775,163 for the nine months ended January 31, 2011 compared to \$453,734 for the nine months ended January 31, 2010, an increase of \$321,429. The increase was due primarily to legal services as we developed the reverse acquisition merger agreement between ourselves and MCCH on September 21, 2010, and engineering and legal services regarding acquisition rights in Columbia.

Depreciation and amortization:

Depreciation and amortization expense was \$5,635 for the nine months ended January 31, 2011 compared to \$7,545 for the nine months ended January 31, 2010. The decrease was due to the disposition of assets after closing our remote office.

Net operating loss:

Net operating loss for the nine months ended January 31, 2011 was \$2,381,445 or (\$0.03) per share compared to a net operating loss of \$1,205,881 for the nine months ended January 31, 2010, or (\$0.02) per share, an increase of \$1,175,564. Net operating loss increased primarily as a result of our increased operating expenses as we expanded our operations to Latin America during the nine months ended January 31, 2011. We were not operating in Latin America during the comparable period in 2010.

Other income (expense):

Other expenses consisted of interest expense and loss on sale of fixed assets. Interest, which was \$164,289 and \$203,290 for the nine months ended January 31, 2011 and 2010, respectively. The decrease of \$39,001 was due to debt issuance costs incurred in the comparable nine month period in 2010. Loss on the disposal of fixed assets was \$11,351 and \$0 for the nine months ended January 31, 2011 and 2010, respectively.

Non-controlling interests in loss of consolidated subsidiaries:

Non-controlling interests in the losses of our consolidated subsidiaries represented approximately \$369,984 and \$336,358 of the total losses for the nine months ended January 31, 2011 and 2010, respectively. Our non-controlling interest increased by \$33,626, while our overall net loss before income taxes and non-controlling interest increased by \$1,175,564, as a result of our majority interests acquiring a larger stake in some of our subsidiaries during the nine months ended January 31, 2011 than held during the comparable period in 2010.

Net loss:

The net loss for the nine months ended January 31, 2011 was \$2,187,101 compared to a net loss of \$1,072,813 for the nine months ended January 31, 2010, an increased net loss of \$1,114,288. Net loss increased primarily as a result of our increased operating expenses as we expanded our operations to Latin America during the nine months ended January 31, 2011. We were not operating in Latin America during the comparable period in 2010.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes total assets, accumulated deficit, stockholders' equity and working capital at January 31, 2011 compared to April 30, 2010.

	January 31, 2011	April 30, 2010
Total Assets	\$ 97,180	\$ 1,507,568
Accumulated (Deficit)	\$ (10,457,358)	\$ (7,139,655)
Stockholders' Equity (Deficit)	\$ (2,913,174)	\$ (251,688)
Working Capital (Deficit)	\$ (2,936,711)	\$ (894,703)

Our principal source of operating capital has been provided from private sales of our common stock, partnership capital contributions, and debt financing. At January 31, 2011, we had a negative working capital position of \$(2,936,711).

On January 28, 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 \$450,000. The notes carry a 25% interest rate, mature on the first anniversary date of the note 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.

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 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.

To conserve on the Company's capital requirements, the Company has issued shares in lieu of cash payments to employees and outside consultants, and the Company expects to continue this practice. In the nine months ending January 31, 2011, the Company issued 4,019,269 shares of common stock valued at \$899,551 in lieu of cash payments to employees and outside consultants. No shares of common stock were issued as compensation for services in the nine months ending January 31, 2010. The Company is not now in a position to determine an approximate number of shares that the Company may issue for the preceding purpose in the remainder of fiscal year end 2011.

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.

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

All information otherwise reportable pursuant to this item has been disclosed in current reports on Form 8-K.

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

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 17, 2011

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

