



MMEX Resources Corporation  
Shareholder Update

July 9, 2018

Dear Shareholders,

We would like to update you since our last Shareholder Letter on June 7, 2018.

**Phasing of Our Project.** In our June 7, 2018 letter we mentioned the initial discussions for a crude oil storage and dispatch by rail to take advantage of the lack of pipeline take away capacity from the Permian Basin to the Texas Gulf Coast. We can now be more definitive. We have been approached by a major international commodity and financing entity to consider a pre-build of some of the equipment and assets of our Phase 1 CDU. We are currently negotiating details, but the essential elements would be for us to build out the rail trackage, the crude oil storage tanks, and rail and truck loading and unloading. The discount price to WTI posted prices continues to be in the \$10 plus per Bbl range which makes for a healthy arbitrage opportunity for commodity traders. The commodity trader would provide us with a per barrel fee to receive, store and dispatch their crude oil to the Texas Gulf Coast markets. We are designating this as Phase 1(a) Receipt Storage Dispatch. This will pre-build out the rail trackage, crude storage tanks and the rail-truck loading and unloading equipment, which will also be used in Phase 1(b) CDU.

We are under negotiations with an international equipment supplier and its financing affiliate to provide equipment and separate financing for the entire Phase 1(a) RSD. If we are successful in completing Phase 1(a), we have the potential for being in commercial operation in Q1 2019 and accelerating the timing of our projected cash flow. In the meantime, we continue with the financing and construction of Phase 1(b) with our separate lender for that phase.

**Status of CDU Phase 1(b) CDU Project Financing.** In discussions this past week with our prospective lender, we have agreed to extend our term sheet to September 15, 2018 so we can maintain exclusivity and finalize the due diligence process and documentation. Our prospective lender is fully supportive of our Phase 1(a) approach to pre-build some of the facilities and to potentially reach early cash flow.

Our Phase 1(a) focus over the past month has caused some delays in our EPC functions, but we believe this delay can be offset in a fast-track of Phase 1(a) construction and cash flow.

Here is the quick view for Phase 1(a), Phase 1(b) and Phase 2:

❑ **Phase 1 (a): Receipt Storage Dispatch of Crude Oil to Texas Gulf Coast Markets by Rail**

- Pre-Build for Crude Oil Receipt-Storage-Dispatch by Rail to Texas Gulf Coast Refinery and Export markets with major international commodity house
- Storage Tanks already permitted
- Projected crude volumes of approx. 400,000 Bbls per month
- Commercial Ops in Q1 2019

❑ **Phase 1 (b): 10,000 BPD - Crude Distillation Unit at Pecos County Site**

- Land acquired on July 28, 2017
- Permit Issued by Texas Commission on Environmental Quality on August 30, 2017
- Detailed Front-End Engineering and Design (FEED) Completed
- Commercial Operations projected 3<sup>rd</sup> quarter 2019
- Product slate provides for:
  - 40%: High-Sulfur diesel (200 ppm), marketed to drilling operations in Permian Basin
  - 29%: Naphtha for blending in crude or reforming operations
  - 28%: ATB/Residual for blending

❑ **Phase 2: 100,000 BPD - Large Scale Refinery at Pecos County Site**

- 100,000 BPD capacity is second phase and will utilize first phase CDU feedstock
- Full product slate of transportation spec fuels to Western U.S. and Mexico
- Permitting on parallel track with construction of CDU, 15-18 month time frame
- Commercial Operations projected to commence 2021

**Removal of OTC Markets “Shell Company Risk” Designation.** On Friday, July 6, 2018 we received the following notice from the OTC Markets Group: *“Thank you for reaching out regarding this matter. We have reviewed the issue and determined to remove the Shell Risk designation from MMEX Resources Corporation’s profile on [www.otcmarkets.com](http://www.otcmarkets.com).”* This is an important confirmation for our company, as it removes uncertainty as to our capital structure and enhances our ability to attract funding and additional investors in our shares.

Again, please send your requests and comments to [investorrelations@mmexresources.com](mailto:investorrelations@mmexresources.com) and we will continue to update you by news releases, our SEC filings posted on the Investor page, and through these shareholder letters. If you have not yet done so, please find our most recent releases and news items on our website ([www.mmexresources.com](http://www.mmexresources.com)).

Thank you again for your support and we look forward to releasing more information as it becomes available.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack W. Hanks". The signature is fluid and cursive, with the first name "Jack" being the most prominent.

Jack W. Hanks  
President and CEO

*The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: Except for the historical information contained herein, the matters discussed in this shareholder letter are forward-looking statements that involve risks and uncertainties, which could cause our actual results to differ materially from those described in the forward-looking statements. These risks include but are not limited to general business conditions, the requirement to obtain financing to pursue our business plan, our history of operating losses and other risks detailed from time to time in the Company's SEC reports. MMEX undertakes no obligation to update forward-looking statements.*

***This letter to shareholders does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities.***