



MMEX Resources Corporation  
Shareholder Update

January 14, 2019

Dear Shareholders,

We would like to update you since our last Shareholder Letter on December 17, 2018.

We have been asked by a number of shareholders to respond to the following submitted questions:

1. On a scale from 1 to 10, with 10 being extremely confident, how confident are you that financing will be obtained, and each project will move forward?
  - i) Storage facility      ii) Solar facility      iii) CDU
  - A. We are confident that financing will be obtained for the CDU and the Solar Facility, although we must satisfy several conditions typical for financings of this type. We are no longer pursuing the Storage Facility as a separate project. Rather, it will be a component of the CDU and once the CDU is operational, we will be able to move crude by rail and refined products by rail.
2. The last term sheet that investors were aware of expired on November 15. Has that term sheet been extended and if so, for how long?
  - A. We have continued to work with our senior lender pursuant to that term sheet during November and December 2018 to confirm their commitment to fund our debt component of the CDU project. As with any lender financing, there are several conditions which we must satisfy, including (i) that the EPC contracts be completed and (ii) we have secured the total equity required under the proposed loan terms. We are highly confident, based on our discussions with the lender, that once those conditions have been satisfied, they will fund the debt component.

With respect to these EPC conditions, the lender has confirmed that we can divide the EPC component into two separate EPC contracts, one that covers the crude distillation unit itself and one that covers all other components of the project. We have completed the CDU EPC in all material respects with VFuels, LLC (<http://www.vfuels.com/>) and the VFuels EPC will be submitted to our lender for approval shortly. The second EPC which covers all construction and components outside of the CDU unit itself, is still being negotiated and we

expect a final EPC to be agreed upon in the next few weeks and also submitted to the lender for its approval.

We also believe it will be critical to secure material off-take agreements with potential purchasers of our three proposed refinery products in order to close the debt and equity financings. As previously reported, we have a contract for sale of our diesel product. We have an agreed upon term sheet with an international energy and trading firm for the off-take of our residual fuel oil and we have exchanged recently a proposed letter of intent with another international energy and trading firm for the sale of our naphthas. The diesel product will be sold FOB our plant outlet in Pecos County, Texas; the residual will be sold FOB our plant outlet, but we will arrange the rail logistics to the Texas Gulf Coast; the naphthas will be FOB Texas Gulf Coast port of destination which we will also transport by rail.

With the off-take arrangements in substantive form with credit-worthy off-take firms, and with the EPC's to be final form for lender approval in the next weeks, we believe we can move forward to financing documentation and closing.

3. Have all the obstacles for financing for each of the projects been met?
  - A. For the CDU see answers above. For the Solar Project, we are interviewing potential development partners and EPC contractors with solar experience. We are unable to assess at this time what additional conditions may be imposed for financing of the Solar Project.
4. Do you have a closing date for financing and if so, when?
  - A. We are attempting to focus our financing sources to a closing on or before March 31, 2019 but cannot project an expected date at this time.
5. What is the status of each of the components of the planned facilities? Has any of them been eliminated?
  - A. All components of the CDU Project are still planned and within the scope of the two EPCs. The change in sequencing is that we will not build out the crude by rail transport (Storage Facility) first, but it will be included in the overall CDU Project. In summary, the project will include rail and truck receipt and dispatch, storage tanks for crude oil, diesel fuel, naphthas, and residual fuel oil, and a crude distillation unit to produce these products from the crude oil.
6. Assuming that each of these projects are still on track, when do you now expect construction to start on:
  - A. Solar Facility- We cannot project a construction start date at this time. That will depend on the permitting, the EPCs and the Power Purchase Agreement that

will be negotiated. The Solar Facility development and construction can move in parallel with the CDU facility construction as soon as these elements are in place.

- B. Storage Facility- The Storage and Rail components to be able to move crude by rail will be contained within the CDU facility.
  - C. 10,000 bpd CDU- We will issue the Notice to Proceed to the two EPCs as soon as we close.
7. What are the projected quarterly revenues for?
- A. Solar Facility- Projected revenues will depend on a Power Purchase Agreement to be negotiated.
  - B. Storage Facility- The Crude by Rail component will now be contained within the CDU Project.
  - C. 10,000 bbl CDU- We have advised our potential financing sources that projected annual revenue are expected to be in the range of \$42,000,000 to \$36,000,000 depending on our refining crack spreads assumptions.
  - D. 100,000 bpd refinery- Until the CDU Project is financed and completed, we are not disclosing any plans or projections for the 100,000 bpd refinery.
8. When will you apply for the permit for the phase 2, 100,000 bpd refinery?
- A. We propose to start the internal permit preparation during the 2rd Quarter of 2019 and to file by the end of 2019.
9. Is the larger refinery still expected to be 100,000 bpd?
- A. We have not made that final decision yet.
10. Is KP Engineering still the primary outfit for phase 2?
- A. Yes.
11. What was the reason to switch the EPC to Blanchard Industrial?
- A. We switched the EPC to Blanchard initially to provide for reduced capex or overall cost numbers. We have now made the decision to divide the EPC functions between VFuels for the CDU unit itself and another EPC for the remainder of the construction and equipment. We are in negotiations with respect to that EPC.
12. Why is the AS (Authorized Shares) still at 12 billion after the R/S (Reverse Split)?
- A. If we are successful in closing the financing for the CDU unit, we would expect to take steps to rationalize our capitalization, including an adjustment in our authorized shares. We thought it best to maintain the status quo in the interim.

13. Will you commit to drastically reducing the Authorized Shares?
- A. See answer to #12 above.
14. Will you commit to not raising the OS (Outstanding Shares)?
- A. See answer to #12 above.
15. Has the town of Fort Stockton or associated government entities promised any infrastructure improvements for the refinery?
- A. No.
16. Will you commit to providing shareholders letters by the 10<sup>th</sup> of each month?
- A. We want to maintain flexibility to issue shareholder letters or press releases when we think we have news to share with our shareholders or the public. We don't want to commit to a date certain to issue shareholder letters, but we can commit to issue at least one shareholder letter each month.
17. Would you be willing to create an official Facebook and Twitter page?
- A. While we regularly monitor all social media channels for news relevant to our organization, at this time we believe that communicating our news via our official [MMEX LinkedIn page](#), our website and through investor emails is sufficient.
18. Have you had any discussion with any major investors about a possible merger?
- A. As with any publicly held company, we are unable to comment regarding actual, potential or hypothetical business combinations.
19. Is selling or merging part of your plans or ultimate goal?
- A. See answer to #18 above.
20. The investor site "ihub" has several individuals on the MMEX page constantly post statements that is well beyond free speech. The statements/comments on that board is downright slander and defamation of you and your brand. Do you have any plans on taking legal actions, such as obtaining a cease and desist order, or any other action against ihub administration and the individual members that are committing the slander and defamation?
- A. We are devoting all of our time and resources to our Fort Stockton project. If we obtain evidence of market manipulation by any persons, we will bring that evidence to appropriate regulatory authorities.

**Completion of GeoTechnical Study.** The Geotech field study at the site has been completed and the draft report is expected this week. As noted in our December letter this study is the initial step required to commence the final detailed engineering and the start of construction. The Study involves drilling of the site locations for the CDU, the rail trackage and storage facilities to determine depth for ground stability for the project components.

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 the home page or investor page of 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".

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.***