MARTIN MARIETTA MATERIALS INC
Form 424B5
May 17, 2017
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-217991

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has become effective upon filing with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated May 17, 2017

Preliminary prospectus supplement

(To prospectus dated May 12, 2017)

$600,000,000

Martin Marietta Materials, Inc.

$ Floating Rate Senior Notes due 2020

$ % Senior Notes due 2027

Martin Marietta Materials, Inc. is offering $ aggregate principal amount of its Floating Rate Senior Notes due 2020 (the floating rate notes) and $ aggregate principal amount of its % Senior Notes due 2027 (the fixed rate notes). We collectively refer to the floating rate notes and the fixed rate notes as the notes. The floating rate notes will accrue interest from, and including, , 2017 at a per annum rate equal to three-month LIBOR for U.S. dollars plus % (or basis points), reset quarterly as more fully described herein, and will be payable in arrears on , , and of each year, beginning on , 2017. The fixed rate notes will accrue interest from, and including, , 2017 at a per annum rate of %, and will be payable in arrears on and of each year, beginning on , 2017. The floating rate notes will mature on , 2020 and the fixed rate notes will mature on , 2027.

We have the option to redeem some or all of the fixed rate notes prior to their stated maturity date at any time and from time to time, as described under the heading Description of the notes Optional redemption. The floating rate notes will not be subject to optional redemption by us prior to their stated maturity date. If a Change of Control Repurchase Event (as defined herein) occurs, we will be required to offer to repurchase all of the outstanding notes at a repurchase price equal to 101% of their principal amount, plus unpaid interest, if any, accrued thereon to, but excluding, the date of repurchase, unless, in the case of the fixed rate notes, we have exercised our right to redeem such notes in full. See Description of the notes Change of Control Repurchase Event.

The notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior indebtedness and will rank senior in right of payment to all of our future subordinated indebtedness. The notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to all of the existing and future indebtedness and other liabilities (including trade accounts payable) and preferred equity of our subsidiaries.

Investing in the notes involves risks. See Risk factors beginning on page S-15 for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to Martin Marietta Materials(1)
Per floating rate note	%	%	%
Total	$	$	$
Per fixed rate note	%	%	%
Total	$	$	$
Total	$	$	$

(1) Plus accrued interest, if any, from , 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect to deliver the notes to investors through the book-entry delivery system of The Depository Trust Company and its direct participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, against payment, on or about , 2017.

Joint book-running managers

Deutsche Bank Securities **J.P. Morgan**

BB&T Capital Markets **SunTrust Robinson Humphrey** **Wells Fargo Securities**

Prospectus supplement, dated , 2017

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying base prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying base prospectus or in any related free writing prospectus is accurate as of any date other than the date of the document containing such information.

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About this prospectus supplement and the accompanying base prospectus

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the notes being offered and also adds to and updates information contained in the accompanying base prospectus. The second part, the base prospectus, gives more general information, some of which may not apply to the notes being offered. Generally, when we refer only to the prospectus, we are referring to both parts combined, and when we refer to the base prospectus, we are referring only to the base prospectus.

If the information contained or incorporated by reference in this prospectus supplement varies in any way from the information contained or incorporated by reference in the accompanying base prospectus, you should rely on the information contained or incorporated by reference in this prospectus supplement. If the information contained in this prospectus supplement varies in any way from the information incorporated by reference herein, you should rely on the more recent document.

This prospectus and the documents incorporated by reference herein may include market share, ranking, industry data and forecasts that we obtained from industry publications, surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position and ranking are based on market data currently available to us, management s estimates and assumptions we have made regarding the size of our markets within our industry. Some market data and statistical information are also based on our good faith estimates, which are derived from management s knowledge of our industry and independent sources. This information may prove to be inaccurate because of the method by which we obtain some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of data and other limitations and uncertainties. In addition, while we believe the market position and ranking information included or incorporated by reference herein is generally reliable, such information is inherently imprecise. While we are not aware of any misstatements regarding our industry data presented or incorporated by reference herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk factors in this prospectus, in our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference herein and in our Current Report on Form 8-K filed on May 12, 2017 to the extent incorporated by reference herein. Certain numerical figures set forth in this prospectus have been subject to rounding adjustments.

It is important for you to read and consider all information contained in this prospectus supplement, each related free writing prospectus, if any, the accompanying base prospectus and the documents they incorporate by reference in making your investment decision.

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Where you can find more information

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). You may read and copy any document that we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the Public Reference Room by calling the SEC for more information at 1-800-SEC-0330. Our SEC filings are also available at the SEC s web site at http://www.sec.gov.

Our common stock is listed on The New York Stock Exchange under the symbol MLM and we are required to file reports, proxy statements and other information with The New York Stock Exchange. You may read any document we file with The New York Stock Exchange at the offices of The New York Stock Exchange at 20 Broad Street, New York, New York 10005. Information about us is also available on our website at http://www.martinmarietta.com. Such information on, or accessible through, our website is not part of this prospectus supplement or the accompanying base prospectus.

This prospectus supplement and the accompanying base prospectus, which forms a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus supplement, the accompanying base prospectus or any documents incorporated by reference concerning the provisions of legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

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Incorporation by reference

The rules of the SEC allow us to incorporate by reference information into this prospectus from other documents we have filed with the SEC. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus the information contained in the following documents:

- our Annual Report on Form 10-K for the year ended December 31, 2016;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017;
- portions of our Proxy Statement on Schedule 14A filed on April 17, 2017 for our 2017 Annual Meeting of Shareholders incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2016;
- excerpts of our 2016 Annual Report to Shareholders filed as Exhibit 13.01 to our Annual Report on Form 10-K for the year ended December 31, 2016 (other than information contained under the captions Full-Year 2017 Outlook, 2017 Guidance and Risks to Outlook);
- the description of our common stock set forth in our registration statement on Form 8-A filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the Exchange Act), on January 13, 1994, and any amendment or report filed for the purpose of updating that description; and
- our Current Reports on Form 8-K filed on February 24, 2017 and May 12, 2017 (including the exhibits thereto, other than information contained under the captions Full-Year 2017 Outlook, 2017 Guidance and Risks to Outlook in Exhibit 99.4 thereto).

All reports and other documents filed by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the completion of the offering of the notes (other than any report or document, or portion of a report or document, that is furnished under applicable SEC rules rather than filed), shall be deemed to be incorporated by reference in this prospectus and to be part of this prospectus from the date of filing of such reports and documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement in this prospectus or in any other subsequently filed document which is incorporated or deemed to be incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

In reviewing any agreements incorporated by reference, please remember they are included to provide you with information regarding the terms of such agreement and are not intended to provide any other factual or disclosure information about Martin Marietta Materials, Inc. The agreements may contain representations and warranties by us, which should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate. The representations and warranties were made only as of the date of the relevant agreement or such other date or dates as may be specified in such agreement and are subject to more recent developments. Accordingly, these representations and warranties alone may not describe the actual state of affairs as of the date they were made or at any other time.

We will provide, without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus, excluding any exhibits to those documents unless the exhibit is

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specifically incorporated by reference as an exhibit in this prospectus. You should direct requests for documents to:

Martin Marietta Materials, Inc.

2710 Wycliff Road

Raleigh, North Carolina 27607-3033

Attn: Investor Relations

Telephone: (919) 781-4550

You will be deemed to have notice of all information incorporated by reference in this prospectus as if that information were included in this prospectus.

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Information regarding forward-looking statements

This prospectus and any related free writing prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements that relate to the future involve risks and uncertainties, and are based on assumptions that we believe in good faith are reasonable but which may be materially different from actual results. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as anticipate, expect, should be, believe, will, and other words similar meaning in connection with future events or future operating or financial performance. Any or all of our forward-looking statements made in this prospectus supplement, any related free writing prospectus, the accompanying base prospectus or any documents incorporated by reference may turn out to be wrong.

Except as required by law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise.

The risks, uncertainties and assumptions involved in our forward-looking statements, many of which are discussed in more detail in our filings with the SEC, including without limitation in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2016, incorporated by reference herein, and our Current Report on Form 8-K filed on May 12, 2017 to the extent incorporated by reference herein, include, but are not limited to the following:

- the performance of the United States economy and the resolution and impact of the debt ceiling and sequestration issues;
- widespread decline in aggregates pricing;
- the history of both cement and ready mixed concrete being subject to significant changes in supply, demand and price;
- the termination, capping and/or reduction or suspension of the federal and/or state gasoline tax(es) or other revenue related to infrastructure construction;
- the level and timing of federal and state transportation funding, most particularly in Texas, North Carolina, Iowa, Colorado and Georgia;
- the ability of states and/or other entities to finance approved projects either with tax revenues or alternative financing structures;
- levels of construction spending in the markets we serve;
- a reduction in defense spending, and the subsequent impact on construction activity on or near military bases;
- a decline in the commercial component of the nonresidential construction market, notably office and retail space;
- a further slowdown in energy-related construction activity, particularly in Texas;
- a slowdown in residential construction recovery;

a reduction in construction activity and related shipments due to a decline in funding under the domestic farm bill;

unfavorable weather conditions, particularly Atlantic Ocean hurricane activity, the late start to spring or the early onset of winter and the impact of a drought or excessive rainfall in the markets served by the Company;

the volatility of fuel costs, particularly diesel fuel, and the impact on the cost of other consumables, namely steel, explosives, tires and conveyor belts, and with respect to the Magnesia Specialties business, natural gas;

continued increases in the cost of other repair and supply parts;

unexpected equipment failures, unscheduled maintenance, industrial accident or other prolonged and/or significant disruption to cement production facilities;

increasing governmental regulation, including environmental laws;

transportation availability, notably the availability of railcars and locomotive power to move trains to supply the Company s Texas, Florida and Gulf Coast markets;

increased transportation costs, including increases from higher passed-through energy and other costs to comply with tightening regulations as well as higher volumes of rail and water shipments;

availability of trucks and licensed drivers for transport of the Company s materials, particularly in areas with significant energy-related activity, such as Texas and Colorado;

availability and cost of construction equipment in the United States;

weakening in the steel industry markets served by the Company s dolomitic lime products;

proper functioning of information technology and automated operating systems to manage or support operations;

inflation and its effect on both production and interest costs;

ability to successfully integrate acquisitions quickly and in a cost-effective manner and achieve anticipated profitability to maintain compliance with the Company s leverage ratio debt covenant;

changes in tax laws, the interpretation of such laws and/or administrative practices that would increase the Company s tax rate;

violation of the Company s debt covenant if price and/or volumes return to previous levels of instability;

downward pressure on the Company s common stock price and its impact on goodwill impairment evaluations; and

reduction of the Company s credit rating to non-investment grade resulting from strategic acquisitions.

You should consider all of our forward-looking statements in light of these factors. In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of our forward-looking statements. For more information about these and other factors, see our Annual Report on Form 10-K for the year ended December 31, 2016, which has been filed with the SEC and is incorporated by reference herein and our Current Report on Form 8-K filed with the SEC on May 12, 2017 to the extent incorporated by reference herein.

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Summary

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying base prospectus. This is not intended to be a complete description of the matters covered in this prospectus supplement and the accompanying base prospectus and is subject, and qualified in its entirety by reference, to the more detailed information and financial statements (including the notes thereto) included or incorporated by reference in this prospectus supplement and the accompanying base prospectus. Unless otherwise indicated, all references to Martin Marietta Materials, the Company, we, us and our refer to Martin Marietta Materials, Inc. and its consolidated subsidiaries.

See Risk factors in this prospectus supplement, in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our Current Report on Form 8-K filed on May 12, 2017 (to the extent incorporated by reference herein) for factors that you should consider before investing in the notes and Information regarding forward-looking statements for information relating to statements contained in this prospectus supplement that are not historical facts.

Our company

We are principally engaged in the building materials business, providing products used for the construction of infrastructure, nonresidential and residential building projects, including aggregates, cement (Portland and specialty cement), ready mixed concrete and asphalt. These products as well as paving operations, are sold and shipped from a network of more than 275 aggregates quarries and yards, two cement plants, five cement distribution facilities and more than 150 ready mixed concrete and asphalt plants to customers in 29 states, Canada, the Bahamas and the Caribbean Islands. Our cement (Portland and specialty cements), ready mixed concrete and asphalt and road paving product lines are located in strategic, vertically integrated markets, predominantly Texas and Colorado, where being able to supply a full range of building materials products is important for customer service. The Building Materials business products are used primarily by commercial customers principally in domestic construction of highways and other infrastructure projects and for nonresidential and residential building development, while aggregates and cement products are also used in railroad, agricultural, utility and environmental industries. We also have a Magnesia Specialties segment, with production facilities in Ohio and Michigan, which produces magnesia-based chemical products used in industrial, agricultural and environmental applications, and dolomitic lime sold primarily to customers in the steel industry. In 2009, we held a number 1 or 2 competitive position in approximately 65% of the markets in which we operated, while in 2016 we held a number 1 or 2 competitive position in approximately 85% of the markets in which we operated.

Effective January 1, 2017, we reorganized the operations and management reporting structure of our Texas-based aggregates, cement and ready mixed concrete product lines, resulting in a change to our number of reportable segments. Prior to January 1, 2017, we conducted our business through five reportable segments: (i) the Cement Business, (ii) the Magnesia Specialties business, (iii) the Mid-America Group, (iv) the Southeast Group and (v) the West Group, and our Aggregates business was conducted through the latter three groups.

Since January 1, 2017, we conduct our Building Materials Business through three reportable business segments: Mid-America Group (aggregates product line); Southeast Group (aggregates product line); and West Group (aggregates, cement, ready mixed concrete and asphalt and road paving product lines). In addition to the aforementioned Building Materials reportable business segments, we also report the Magnesia Specialties business as a reportable segment.

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Financial information presented herein for periods ended on or prior to December 31, 2016 has been recasted to conform to the presentation of the Company s current reportable segments and for the adoption of Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which amends the presentation of debt issuance costs in the financial statements, ASU 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies certain aspects of accounting guidance and requirements for share-based transactions and ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which revises the income statement classification of net periodic pension and postretirement expense (credit), excluding service cost.

Building materials business

The Building Materials business consists of aggregates, cement, ready mixed concrete, asphalt and road paving product line. We are a leading supplier of aggregates for the construction industry in the United States. The aggregates product line mines, processes and sells granite, limestone, sand, gravel and other crushed stone products for use in all sectors of public infrastructure, nonresidential and residential construction industries, as well as, railroad ballast, agricultural, chemical, environmental and other uses.

Cement is the basic binding agent for concrete, a primary construction material which, like aggregates, is also used in infrastructure, nonresidential and residential construction, as well as, the railroad, agricultural, utility and environmental industries. Consequently, the cement industry is cyclical and dependent on the strength of the construction sector. We produce Portland and specialty cements in our cement product line from our two production plants in Texas. The principal raw material used in cement production is calcium carbonate in the form of limestone. We own more than 600 million tons of limestone reserves adjacent to our Texas facilities.

Ready mixed concrete is a versatile construction building material that results from combining cement, coarse and fine aggregates (gravel, crushed stone and sand) with water and various chemical admixtures. The admixtures serve varying purposes, depending on customers needs, including relieving internal pressure and increasing resistance to cracking; retarding the hardening process to make concrete more workable in hot weather; strengthening concrete by reducing its water content; accelerating the hardening process and reducing the time required for curing; and facilitating the placement of concrete having low water content. Our aggregates and cement product lines provide materials to the ready mixed concrete product line. Over the 30-year period from 1986 to 2016, the aggregates product line volume accelerated at an approximately 3.8% compound annual growth rate, while pricing accelerated at an approximately 3.5% compound annual growth rate.

The asphalt and road paving product lines use a combination of aggregates and liquid asphalt principally for road construction. Asphalt products are also used for nonresidential and residential construction, namely for parking lots and roads. Liquid asphalt, or bitumen, is derived from an energy refining process that converts a barrel of oil into other fuels and petrochemical products. Our aggregates product line provides materials to the asphalt and road paving product line.

Our ready mixed concrete and asphalt and road paving product lines are included in the West Group reportable segment and are based in Arkansas, Colorado, Louisiana, Texas and Wyoming. Prior to January 1, 2017, our cement product line was reported as a standalone segment. However, a January 1, 2017 reorganization of the operations and management reporting structure of the Texas-based cement and ready mixed concrete product lines resulted in the cement product line being included in the West Group reportable business segment.

In 2016, our Building Materials business shipped and delivered aggregates, cement, ready mixed concrete and asphalt and road paving products from a network of more than 275 aggregates quarries and yards, two cement

plants, five cement distribution facilities and more than 150 ready mixed concrete and asphalt plants, to customers in 29 states, Canada and the Bahamas. For the year ended December 31, 2016, the Building Materials business generated net sales of approximately $3.3 billion, gross profit of approximately $831 million and earnings from operations of approximately $679 million. For the three months ended March 31, 2017, the Building Materials business generated net sales of approximately $728 million, gross profit of approximately $125 million and earnings from operations of approximately $85 million.

Magnesia specialties business

We manufacture and market, through our Magnesia Specialties business, magnesia-based chemical products for industrial, agricultural and environmental applications, and dolomitic lime for use primarily in the steel industry. These chemical products have varying uses, including flame retardants, wastewater treatment, pulp and paper production and other environmental applications. In 2016, approximately 69% of Magnesia Specialties net sales were attributable to chemical products, approximately 30% to lime and approximately 1% to stone sold as construction materials. For the three months ended March 31, 2017, the Magnesia Specialties business generated net sales of approximately $63 million, gross profit of approximately $22 million and earnings from operations of approximately $20 million.

We were formed in 1993 as a North Carolina corporation to serve as successor to the operations of the materials group of the organization that is now Lockheed Martin Corporation. Our principal executive offices are located at 2710 Wycliff Road Raleigh, North Carolina 27607-3033, and our telephone number is (919) 781-4550.

Risk factors

Before investing in the notes, you should carefully consider the information under Risk factors beginning on page S-15 of this prospectus supplement as well as all other information included in this prospectus, including the information in the documents incorporated by reference into this prospectus.

The offering

The following is a brief summary of some of the terms of the notes and is not intended to be complete. For a more complete description of the terms of the notes see Description of the notes in this prospectus supplement and Description of Debt Securities in the accompanying base prospectus. As used in this section, we, our and us refer only to Martin Marietta Materials, Inc. and not to its consolidated subsidiaries.

Issuer	Martin Marietta Materials, Inc., a North Carolina corporation.
Notes offered	$ aggregate principal amount of Floating Rate Senior Notes due 2020 (the floating rate notes).
	$ aggregate principal amount of % Senior Notes due 2027 (the fixed rate notes and, together with the floating rate notes, the notes).
Issue price	The issue price for the floating rate notes is % of principal amount, plus accrued interest, if any, from , 2017.
	The issue price for the fixed rate notes is % of principal amount, plus accrued interest, if any, from , 2017.
Stated maturity dates	The floating rate notes will mature on , 2020.
	The fixed rate notes will mature on , 2027.
Interest and payment dates	The floating rate notes will accrue interest from, and including, , 2017 at a per annum rate equal to three-month LIBOR for U.S. dollars plus % (or basis points), reset quarterly as more fully described herein, and will be payable in arrears on , , and of each year, beginning on , 2017.
	The fixed rate notes will accrue interest from, and including, , 2017 at a per annum rate of %, payable in arrears on and of each year, beginning on , 2017.
Ranking	The notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior indebtedness and will rank senior in right of payment to any of our future subordinated indebtedness. The notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to all of the existing and future indebtedness and other liabilities (including trade accounts payable) and preferred equity of our subsidiaries.

As of March 31, 2017, we had an aggregate of approximately $1,855 million of indebtedness, excluding intercompany liabilities. Of this amount, approximately $290 million was under our secured accounts receivable credit facility under which the borrower is Martin Marietta Funding LLC, our wholly owned subsidiary. Other than the debt outstanding under this facility, our subsidiaries

	had no indebtedness and the Company s only other secured indebtedness was approximately $15 million of capital lease obligations.
	The indenture that will govern the notes will not contain any restrictions on the incurrence of indebtedness other than as described under Description of the notes Covenants Limitations on liens.
Further issuances	We may, without the consent of the holders, issue in the future additional notes of any series under the indenture with the same terms (except for the issue date, price to public and, if applicable, the initial interest payment date) and with the same CUSIP number as the notes of that series offered hereby in an unlimited aggregate principal amount; provided that if any such additional notes of any series are not fungible with the notes of that series offered hereby for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number
Sinking fund	The notes will not be entitled to the benefit of any sinking fund.
Form and denomination	The notes will be issued in the form of several registered notes in global form, without interest coupons, in minimum denominations of $2,000 or integral multiples of $1,000 in excess thereof. Upon issuance, each of the global notes will be deposited with the Trustee (as defined herein) as custodian for DTC (as defined herein) and registered in the name of Cede & Co., as nominee of DTC. Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC (DTC participants) or persons who hold interests through DTC participants. Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described under Description of the notes Forms.
Optional redemption	We have the option to redeem some or all of the fixed rate notes, prior to their stated maturity date at any time and from time to time, as described under the heading Description of the notes Optional redemption. The floating rate notes will not be subject to optional redemption by us prior to their stated maturity date.
Offer to repurchase upon Change of Control Repurchase Event	If a Change of Control Repurchase Event occurs, we will be required to offer to repurchase all of the outstanding notes at a repurchase price equal to 101% of their principal amount, plus unpaid interest, if any, accrued thereon to, but excluding, the date of repurchase, unless, in the case of the fixed rate notes, we have exercised our right to redeem such notes in full. See Description of the notes Change of Control Repurchase Event.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $595 million, after deducting underwriters discounts and our estimated offering expenses. We intend to use the net proceeds from this offering to (i) refinance in full at maturity our existing floating rate notes scheduled to mature on June 30, 2017, (ii) repay approximately $200 million of the debt outstanding under our

	revolving credit facility scheduled to mature on December 5, 2021 and (iii) repay approximately $95 million of the debt outstanding under our trade receivables facility scheduled to mature on September 27, 2017. See Use of proceeds.
Certain covenants	The indenture that will govern the notes will contain covenants that restrict our ability, with certain exceptions, to incur debt secured by liens, engage in sale and leaseback transactions and consolidate or merge with, or transfer all or substantially all of our assets to, another entity. See Description of the notes.
No prior market	Each of the floating rate notes and the fixed rate notes is a new issue of securities for which there is no existing trading market. We do not intend to list either series of notes on any securities exchange or to arrange for the notes to be quoted on any automated interdealer quotation system. The underwriters have advised us that they currently intend to make a market in the notes, subject to applicable securities laws. However, the underwriters are not obligated to do so and may discontinue any such market-making at any time without notice to, or the consent of, the holders of the notes. Accordingly, no assurance can be given that any trading market for the notes of either series will develop or continue or be liquid. See Underwriting (conflicts of interest).
Governing law	The notes and the indenture that will govern the notes will be governed by the laws of the State of New York.
Risk factors	Investing in the notes involves substantial risks. You should carefully consider all the information in this prospectus supplement and the accompanying base prospectus (including all the information that is incorporated by reference herein and therein) prior to making a decision to invest in the notes. In particular, we urge you to carefully consider the risk factors set forth under Risk factors in this prospectus supplement in addition to the risks described in Martin Marietta s filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2016, incorporated by reference herein, and our Current Report on Form 8-K filed on May 12, 2017 to the extent incorporated by reference herein.
Conflicts of Interest	Affiliates of certain of the underwriters in this offering may receive more than 5% of the net proceeds of this offering in connection with the consummation of this offering. See Use of proceeds. In such event, this offering will be made in compliance with the requirements of the Financial Industry Regulatory Authority (FINRA) Rule 5121. Because the notes offered hereby will be rated investment grade, pursuant to FINRA Rule 5121, the appointment of a qualified independent underwriter is not necessary. See Underwriting (conflicts of interest) Conflicts of interest.
Trustee, registrar and paying agent	Regions Bank

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Summary financial data

The following table sets forth summary historical consolidated financial information for Martin Marietta Materials, Inc. On July 1, 2014, we acquired Texas Industries, Inc. (TXI), and the operating results of TXI are included in our financial statements since such date. The historical annual consolidated financial information for Martin Marietta Materials, Inc. is derived from the audited consolidated financial statements of Martin Marietta Materials, Inc. as of and for each of the years in the three-year period ended December 31, 2016 incorporated herein by reference. The historical consolidated financial information for Martin Marietta Materials, Inc. as of and for the three months ended March 31, 2017 and 2016 has been derived from the unaudited interim consolidated financial statements of Martin Marietta Materials, Inc. incorporated herein by reference and, in the opinion of our management, includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim periods. The historical consolidated financial information for Martin Marietta Materials, Inc. as of and for the three months ended March 31, 2015 has been derived from the unaudited interim consolidated financial statements of Martin Marietta Materials, Inc. not included or incorporated by reference herein. The following information should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes related to those financial statements incorporated herein by reference. See Where you can find more information and Incorporation by reference. Our historical consolidated financial information may not be indicative of future performance.

	For the three months ended March 31, (unaudited)			For the year ended December 31, (audited)		
(in thousands)	2017	2016	2015	2016	2015	2014
Statement of Earnings Data:						
Consolidated Operating Results(1)						
Net sales	$ 791,684	$ 733,960	$ 631,876	$ 3,576,767	$ 3,268,116	$ 2,679,095
Freight and delivery revenues	52,175	54,774	59,471	241,982	271,454	278,856
Total revenues	843,859	788,734	691,347	3,818,749	3,539,570	2,957,951
Cost of sales	644,617	588,710	557,082	2,665,029	2,541,196	2,159,471
Freight and delivery costs	52,175	54,774	59,471	241,982	271,454	278,856
Total cost of revenues	696,792	643,484	616,553	2,907,011	2,812,650	2,438,327
Gross Profit	**147,067**	**145,250**	**74,794**	**911,738**	**726,920**	**519,624**
Selling, general and administrative expenses	69,535	58,349	48,191	241,606	210,754	168,102
Acquisition-related expenses, net	22	299	1,347	909	6,346	29,239
Other operating expenses and (income), net	360	579	(2,364)	(8,043)	15,653	(4,649)
Earnings from Operations	77,150	86,023	27,620	677,266	494,167	326,932
Interest expense	20,851	20,034	19,331	81,677	76,287	66,057
Other nonoperating (income) and expenses, net	(536)	1,224	2,942	(11,439)	4,079	11,697
Earnings from continuing operations before taxes on income	56,835	64,765	5,347	607,028	413,801	249,178
Income tax expense (benefit)	14,528	19,710	(812)	181,584	124,863	94,847
Earnings from Continuing Operations	**42,307**	**45,055**	**6,159**	**425,444**	**288,938**	**154,331**
Loss on discontinued operations, net of related tax benefit						(37)
Consolidated net earnings	42,307	45,055	6,159	425,444	288,938	154,294
Less: Net (loss) earnings attributable to noncontrolling interests	(27)	61	33	58	146	(1,307)
Net Earnings Attributable to Martin Marietta Materials, Inc.	**$ 42,334**	**$ 44,994**	**$ 6,126**	**$ 425,386**	**$ 288,792**	**$ 155,601**

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Balance Sheet Data at period end(2):						
Total Assets	**$ 7,393,791**	**$ 7,058,287**	**$ 7,177,319**	**$ 7,300,905**	**$ 6,957,611**	**$ 7,214,517**
Current liabilities-other	341,510	314,701	329,149	366,552	347,945	382,312
Current maturities of long-term debt(2)	290,048	177,430	13,873	180,036	18,713	13,803
Long-term debt(2)	1,556,246	1,575,327	1,562,190	1,506,153	1,550,061	1,566,355
Pension, postretirement and postemployment benefits, noncurrent	252,568	226,924	252,923	248,086	224,538	249,333
Deferred income taxes, net	667,160	620,569	518,360	663,019	583,459	489,945
Other noncurrent liabilities	210,305	197,700	158,641	194,469	172,718	160,021
Shareholders equity	4,073,368	3,942,651	4,340,566	4,139,978	4,057,284	4,351,166
Noncontrolling interests	2,586	2,985	1,617	2,612	2,893	1,582
Total Liabilities and Equity	**$ 7,393,791**	**$ 7,058,287**	**$ 7,177,319**	**$ 7,300,905**	**$ 6,957,611**	**$ 7,214,517**
Other Financial Data:						
EBITDA(3)	$ 147,714	$ 152,621	$ 91,206	$ 971,590	$ 750,708	$ 536,940
Adjusted EBITDA(3)	147,714	152,621	91,206	971,590	766,648	649,046

(1) Statement of earnings data reflects the adoption of ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.*

(2) Balance sheet data reflects the adoption of ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs.*

(3) We calculate earnings before interest, income taxes, depreciation, depletion and amortization (EBITDA) as net earnings attributable to Martin Marietta Materials, Inc., before interest expense, income tax expense for controlling interests and depreciation, depletion and amortization expense. Adjusted EBITDA is calculated as EBITDA plus certain non-recurring expenses and for the year ended December 31, 2014, pre-acquisition TXI EBITDA. EBITDA and Adjusted EBITDA are not measures of financial performance under GAAP. Accordingly, these measures should not be considered as substitutes for net earnings, operating earnings, cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, our management believes that EBITDA and Adjusted EBITDA are useful for investors because they provide additional information with respect to our performance and our ability to meet our future debt service, capital expenditures and working capital requirements. Because EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net earnings and may vary among companies, EBITDA and Adjusted EBITDA for Martin Marietta Materials, Inc. may not be comparable to similarly titled measures of other companies. The table below reconciles net earnings attributable to Martin Marietta Materials, Inc. to EBITDA and Adjusted EBITDA for the periods presented.

	For the three months ended March 31,			**For the year ended December 31,**		
(in thousands)	**2017**	**2016**	**2015**	**2016**	**2015**	**2014**
Net earnings attributable to Martin Marietta Materials, Inc.	$ 42,334	$ 44,994	$ 6,126	$ 425,386	$ 288,792	$ 155,601
Interest expense	20,851	20,034	19,331	81,677	76,287	66,057
Income tax expense for controlling interests	14,522	19,667	(826)	181,524	124,793	94,730
Depreciation, depletion, and amortization expense	70,007	67,926	66,575	283,003	260,836	220,552
EBITDA	147,714	$ 152,621	91,206	971,590	750,708	536,940
Nonrecurring expenses(a)					15,940	53,813
Pre-acquisition TXI EBITDA(b)(c)						58,293
Adjusted EBITDA	$ 147,714	$ 152,621	$ 91,206	$ 971,590	$ 766,648	$ 649,046

(a) Includes certain acquisition-related expenses, net loss on divestitures and other non-cash related charges.

(b) We consummated the acquisition of TXI on July 1, 2014. This line item presents TXI s EBITDA for the six months ended May 31, 2014. Prior to the acquisition, TXI s historical years ended May 31.

(c) A reconciliation of TXI s (net loss) to TXI EBITDA for the six months ended May 31, 2014 is as follows:

(in thousands)	For the six months ended May 31, 2014
Net loss	$ (13,238)
Income tax benefit	(1,206)
Interest expense	34,739
Depreciation, depletion, and amortization expense	37,998
TXI EBITDA	$ 58,293

Risk factors

Investment in the notes involves risks. Before acquiring any notes offered pursuant to this prospectus, you should carefully consider the information contained or incorporated by reference in this prospectus or in any accompanying prospectus supplement or any related free writing prospectus, including, without limitation, the risks described under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016 incorporated by reference herein, and our Current Report on Form 8-K filed on May 12, 2017 to the extent incorporated by reference herein, as the same may be updated from time to time by our subsequent filings with the SEC. The occurrence of any of these risks might cause you to lose all or a part of your investment in the offered securities. Please also refer to the section below entitled Forward-looking Statements.

Risks related to our business

Our business is cyclical and depends on activity within the construction industry.

Economic and political uncertainty can impede growth in the markets in which we operate. Demand for our products, particularly in the nonresidential and residential construction markets, could fall if companies and consumers are unable to get credit for construction projects or if an economic slowdown causes delays or cancellations of capital projects. State and federal budget issues may also hurt the funding available for infrastructure spending. The lack of available credit may limit the ability of states to issue bonds to finance construction projects. Several of our top sales generating states, from time-to-time, stop or slow bidding projects in their transportation departments.

We sell most of our aggregates products, our primary business, and our cement products, to the construction industry, so our results depend on the strength of the construction industry. Since our businesses depend on construction spending, which can be cyclical, our profits are sensitive to national, regional, and local economic conditions and the intensity of the underlying spending on aggregates and cement products. Construction spending is affected by economic conditions, changes in interest rates, demographic and population shifts, and changes in construction spending by federal, state, and local governments. If economic conditions change, a recession in the construction industry may occur and affect the demand for our products. The Great Recession was an example, and our business suffered. Construction spending can also be disrupted by terrorist activity and armed conflicts.

While our business operations cover a wide geographic area, our earnings depend on the strength of the local economies in which we operate because of the high cost to transport our products relative to their price. If economic conditions and construction spending decline significantly in one or more areas, particularly in our top five sales-generating states of our Building Materials business (based on net sales by state of destination) of Texas, Colorado, North Carolina, Iowa, and Georgia, our profitability will decrease. We experienced this situation with the Great Recession.

The Great Recession resulted in large declines in shipments of aggregate products in our industry. Recent years, however, have shown a turnaround in this trend. For the last five years, our aggregates product line shipments have increased, reflecting degrees of stability and modest growth. However, volumes are still below historically normal levels. Prior to 2010, use of aggregates products in the United States had declined almost 40% from the highest volume in 2006. During 2016 our aggregates product line shipments showed 1.4% improvement compared with 2015 levels, after a 7.1% increase the prior year. This improvement was made in 2016 despite significant levels of rainfall in many of our major markets. The improvement in 2015 reflects a full year of ownership of legacy TXI aggregates product line operations compared with the six months of 2014.

While historical spending on public infrastructure projects has been comparatively more stable as governmental appropriations and expenditures are typically less interest rate-sensitive than private sector

spending, we experienced a slight retraction in aggregates product line shipments to this infrastructure market after uncertainty regarding the solvency of the federal highway bill in 2014. We were not able to get any certainty on the availability of federal infrastructure funding until late 2015, but the funding that was enacted had very little impact during 2016. This time lag with commencement of federal infrastructure funding was accompanied by a reduction in some states investment in highway maintenance.

After a decade of 36 short-term funding provisions, a five-year, $305 billion highway bill, *Fixing America s Surface Transportation Act* (the FAST Act), was signed into law in late 2015. The FAST Act funding is primarily secured through gas tax collections. Market analysis projects aggregate demand to increase with the availability of federal funding, with demand peaking in 2018, and thereafter declining with anticipated higher interest and inflation rates. While the FAST Act did not impact 2016 highway spending in a meaningful way, the overall highway spending in the United States did increase in 2016, showing the willingness of many states to address underlying demand for this type of spending. During the past 27 months, many states have taken on a significantly larger role in funding infrastructure investment, including initiating special-purpose taxes and raising gas taxes.

Supported by state spending programs, our aggregates product line shipments to the infrastructure construction market declined 4% in 2016 compared to an increase of 5% in 2015 compared with 2014. We believe that the demand and need for infrastructure projects will continue to support consistent growth in this market now that long-term federal funding has been resolved. In 2016, 39% of our aggregates product line shipments were to the infrastructure construction market.

Within the construction industry, we also sell our aggregates and cement products for use in both nonresidential construction and residential construction. Nonresidential and residential construction levels generally move with economic cycles; when the economy is strong, construction levels rise, and when the economy is weak, construction levels fall.

In 2016, construction growth was driven by private-sector activity. Nonresidential and residential construction levels are interest rate-sensitive and typically move in direct correlation with economic cycles. The Dodge Momentum Index, a 12-month leading indicator of construction spending for nonresidential building compiled by McGraw Hill Construction and where the year 2000 serves as an index basis of 100, remained strong and was at an eight-year high of 136.7 in December 2016, a 9% increase over prior year, signaling continued growth in nonresidential construction. In 2017, the Dodge Momentum Index continued to improve, reaching 144.4 in March 2017, a 6% increase when compared against the eight-year high measure on December 31, 2016. Housing starts, a key indicator for residential construction activity, continue to show year-over-year improvement. While starts exceeded one million in 2016, they still remain below the 50-year historical annual average of 1.5 million units. That said, the Company expects to continue to experience gains in the residential market. Importantly, 2016 housing starts exceeded completions, a trend expected to continue in 2017.

Our aggregates volumes to the nonresidential construction market accounted for 32% of our 2016 aggregates product line shipments and increased 3% compared with 2015. According to the U.S. Census Bureau, spending for the private nonresidential construction market increased 8% in 2016 compared with 2015. Historically, half of the Company s nonresidential construction shipments have been used for office and retail projects, while the remainder has been used for heavy industrial and capacity-related projects, including energy-sector projects, namely development of shale-based natural gas fields. However, low oil prices in the latter part of 2015 and throughout 2016 has suppressed shale exploration activity. In 2016, the Company shipped approximately 1.5 million tons to the energy-sector compared with approximately 3.6 million tons in 2015. For the three-months ended March 31, 2017, aggregates product line shipments to the nonresidential construction market declined 5%, against a record 2016 first quarter. Total quarterly aggregates shipments to the nonresidential construction market were 32%.

The residential construction market accounted for approximately 21% of the Company s aggregates product line shipments in 2016 and 22% for the three-months ended March 31, 2017. The Company s exposure to residential construction is typically split evenly between aggregates used in the construction of subdivisions (including roads, sidewalks, and storm and sewage drainage) and aggregates used in new home construction. Therefore, the timing of new subdivision starts, as well as new home starts, equally affects residential volumes. Private residential construction spending increased 5% in 2016 compared with 2015, according to the U.S. Census Bureau.

Shipments of chemical rock (comprised primarily of high-calcium carbonate material used for agricultural lime and flue gas desulfurization) and ballast product sales (collectively ChemRock/Rail) accounted for 8% of our aggregates product line shipments in 2016 and 9% for the three-months ended March 31, 2017. Ballast shipments declined in 2016 due to lower railroad activity, correlating with lower energy-related rail shipments. Drier weather and favorable operating conditions led to increased shipments of agricultural limestone in 2016 over 2015. Weather conditions in 2015 were abnormally wet, limiting field applications and influencing customers to defer their purchases.

Shipments of ready mixed concrete and asphalt products typically follow construction aggregates trends.

The cement product line was acquired from TXI in 2014. Its net sales of $364.4 million for 2016 reflected the Company s leading position in the Texas market. For the three months ended March 31, 2017, cement product line net sales were $93.7 million.

Our business is dependent on funding from a combination of federal, state and local sources.

Our aggregates and cement products are used in public infrastructure projects, which include the construction, maintenance, and improvement of highways, streets, roads, bridges, schools, and similar projects. Accordingly, our business is dependent on the level of federal, state, and local spending on these projects. The existence of future federal infrastructure funding was resolved near the end of 2015 with the passage of the FAST Act. While the total value of United States overall public-works spending increased in 2016, federal funding through the FAST Act did not impact highway spending in any meaningful way. This increase in overall public works spending in 2016 demonstrates the commitment of states to address the underlying demand for infrastructure investment. We expect to see meaningful impact from the FAST Act funding beginning in 2017, along with increased infrastructure spending at the state level. Moreover, President Trump has proposed additional investment over the next decade to rebuild the country s infrastructure. Any such measures will require Congressional approval. We cannot be assured, however, of the existence, amount, and timing of appropriations for spending on future projects.

The federal highway bill provides annual highway funding for public-sector construction projects. The current federal highway bill passed in late 2015, the FAST Act, after a decade of 36 short-term funding provisions, reauthorizes federal highway and transportation funding programs. The FAST Act also changes the Transportation Infrastructure and Innovation Act (TIFIA) funding, a federal alternative funding mechanism for transportation projects. Under the FAST Act TIFIA funding ranges from $275 million to $300 million, and no longer requires the 20% matching funds from state departments of transportation.

Federal highway bills provide spending authorizations that represent maximum amounts. Each year, an appropriation act is passed establishing the amount that can actually be used for particular programs. The annual funding level is generally tied to receipts of highway user taxes placed in the Highway Trust Fund. Once the annual appropriation is passed, funds are distributed to each state based on formulas (apportionments) or other procedures (allocations). Apportioned and allocated funds generally must be spent on specific programs as outlined in the federal legislation. The Highway Trust Fund has experienced shortfalls in recent years, due to

high gas prices (until recently), fewer miles driven and improved automobile fuel efficiency. These shortfalls created a significant decline in federal highway funding levels. In response to the projected shortfalls, money has been transferred from the General Fund into the Highway Trust Fund over the past several years. Timely Congressional action is needed to address the funding mechanism for the Highway Trust Fund. We cannot be assured of the existence, timing or amount of federal highway funding levels in the future. We also cannot be assured of the impact of the recent sharp reduction in gasoline prices on the levels of highway user taxes that might be collected in the future and the corresponding levels of funding to the Highway Trust Fund.

At the state level, each state funds its infrastructure spending from specially allocated amounts collected from various taxes, typically gasoline taxes and vehicle fees, along with voter-approved bond programs. Shortages in state tax revenues can reduce the amounts spent on state infrastructure projects, even below amounts awarded under legislative bills. Delays in state infrastructure spending can hurt our business. Many states have experienced state-level funding pressures caused by lower tax revenues and an inability to finance approved projects. North Carolina was among the states experiencing these pressures, and this State disproportionately affects our revenues and profits. Most state budgets, including North Carolina, began to improve in 2014 and later years as increased tax revenues helped states resolve budget deficits. Prior to the FAST Act, states had also taken on a larger role in funding sustained infrastructure investment. For example, Texas voters in 2014 approved use of the State s oil and gas production tax collections for annual disbursements to the State Highway Fund. Additionally, in November 2015, voters passed Proposition 7, a constitutional amendment that will provide for funding for non-toll roads. Proposition 7 is estimated to provide an additional $2.0 billion of annual funding for non-toll roads beginning in 2018 and is expected to increase after 2019. On November 8, 2016, Texas voters approved $990 million of additional statewide transportation funding, including a $720 million transportation bond in Austin. In North Carolina, voters approved all transportation referendums during the November 2016 elections, totaling $1.2 billion of additional funding. During the past 27 months, many states have taken on a significantly larger role in funding infrastructure investment, including initiating special-purpose taxes and raising gas taxes. We anticipate further growth in state-level funding initiatives, such as bond issues, toll roads, and special purpose taxes, as states address infrastructure needs, particularly in periods of federal funding uncertainty. Nevertheless, it is a continuing risk to our business that sufficient funding from federal, state, and local sources will not be available to address infrastructure needs.

With most states in recovery or expansion, the sustained decline in energy costs may be the catalyst in some markets to boost construction and help our business. But those markets that are heavily dependent on the energy sector, namely Oklahoma and West Virginia, may, with the decrease in oil production, experience recessions or continued recessions, which would adversely impact our business.

Our Building Materials business is seasonal and subject to the weather.

Since the heavy construction business is conducted outdoors, erratic weather patterns, seasonal changes and other weather-related conditions affect our business. Adverse weather conditions, including hurricanes and tropical storms, cold weather, snow, and heavy or sustained rainfall, reduce construction activity, restrict the demand for our products, and impede our ability to efficiently transport material. Adverse weather conditions also increase our costs and reduce our production output as a result of power loss, needed plant and equipment repairs, time required to remove water from flooded operations, and similar events. Severe drought conditions can restrict available water supplies and restrict production. The aggregates product line production and shipment levels follow activity in the construction industry, which typically occur in the spring, summer and fall. Because of the weather s effect on the construction industry s activity, the production and shipment levels for the Company s Building Materials business vary by quarter. The second and third quarters are generally the most profitable and the first quarter is generally the least profitable. Weather-related hindrances were exacerbated over the last two years by record precipitation in many of our key markets. The National Oceanic

and Atmospheric Administration (NOAA) has tracked precipitation for 122 years. According to NOAA, 2015 represented the wettest year on record for Texas and Oklahoma, while North Carolina, South Carolina, Colorado and Iowa each experienced a top-ten precipitation year. Our nation as a whole had its third-wettest year in NOAA recorded history in 2015. Extremely wet conditions continued in 2016 in many of our key markets, especially in Texas, with the year ranking the 18th wettest year in the state s recorded history per NOAA. Further, since March 2015, Texas and surrounding regions have experienced 18 major flood events. These weather events reduced the Company s overall profitability in 2016 and 2015, so our results for those years, or in comparison to other years, may not be indicative of our future operating results.

Weather-related hindrances were exacerbated over the last two years by record precipitation in many of our key markets. The NOAA has tracked precipitation for 122 years. According to NOAA, 2015 represented the wettest year on record for Texas and Oklahoma, while North Carolina, South Carolina, Colorado and Iowa each experienced a top-ten precipitation year. Our nation as a whole had its third-wettest year in NOAA recorded history in 2015. Extremely wet conditions continued in 2016 in many of our key markets, especially in Texas, with the year ranking the 18th wettest year in the state s recorded history per NOAA. Further, since March 2015, Texas and surrounding regions have experienced 18 major flood events. These weather events reduced the Company s overall profitability in 2016 and 2015, so our results for those years, or in comparison to other years, may not be indicative of our future operating results.

The Company s operations in the southeastern and Gulf Coast regions of the United States and the Bahamas are at risk for hurricane activity, most notably in August, September and October. In October 2016, rainfall along the eastern seaboard of the United States from Hurricane Matthew, a category-5 hurricane, approximated 13.6 trillion gallons. Additionally, Hurricane Matthew was the first major hurricane on record to make landfall in the Bahamas, where the Company has a facility.

Our Building Materials business depends on the availability of aggregate reserves or deposits and our ability to mine them economically.

Our challenge is to find aggregates deposits that we can mine economically, with appropriate permits, near either growing markets or long-haul transportation corridors that economically serve growing markets. As communities have grown, they have taken up attractive quarrying locations and have imposed restrictions on mining. We try to meet this challenge by identifying and permitting sites prior to economic expansion, buying more land around our existing quarries to increase our mineral reserves, developing underground mines, and developing a distribution network that transports aggregates products by various transportation methods, including rail and water, that allows us to transport our products longer distances than would normally be considered economical, but we can give no assurances that we will be successful.

Our business is a capital-intensive business.

The property and machinery needed to produce our products are very expensive. Therefore, we require large amounts of cash to operate our businesses. We believe that our cash on hand, along with our projected internal cash flows and our available financing resources, will be enough to give us the cash we need to support our anticipated operating and capital needs. Our ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business, and other factors affecting our operations, many of which are beyond our control. If we are unable to generate sufficient cash to operate our business, we may be required, among other things, to further reduce or delay planned capital or operating expenditures.

Our businesses face many competitors.

Our businesses have many competitors, some of whom are bigger and have more resources than we do. Some of our competitors also operate on a worldwide basis. Our results are affected by the number of competitors in a market, the production capacity that a particular market can accommodate, the pricing practices of other competitors, and the entry of new competitors in a market. We also face competition for some of our products from alternative products. For example, our Magnesia Specialties business may compete with other chemical products that could be used instead of our magnesia-based products. As other examples, our aggregates, ready mixed concrete, and asphalt and paving product lines may compete with recycled asphalt and concrete products that could be used instead of new products and our cement product line may compete with international competitors who are importing product to the United States with lower production and regulatory costs.

Our businesses could be impacted by rising interest rates.

As discussed previously, our operations are highly dependent upon the interest rate-sensitive construction and steelmaking industries. Therefore, business in these industries and for us may decline if interest rates rise and costs increase.

For example, demand in the residential construction market in which we sell our aggregate products is affected by interest rates. The Federal Reserve has kept the federal funds rate near zero percent for a number of years. The 0.25% increases in the rate in each of December 2015, December 2016 and March 2017 represent the only increases since 2008. However, certain Federal Reserve members have predicted they would raise interest rates to at least 1.25% by the end of 2017. The residential construction market accounted for 21% of our aggregates product line shipments in 2016 and 22% for the three-months ended March 31, 2017.

Aside from these inherent risks from within our operations, our earnings are also affected by changes in short-term interest rates. However, rising interest rates are not necessarily predictive of weaker operating results. Historically, our profitability increased during period of rising interest rates. In essence, our underlying business generally serves as a natural hedge to rising interest rates.

Rising interest rates could also result in disruptions in the credit markets, which could affect our business, as described in greater detail under Disruptions in the credit markets could affect our business below.

Our future growth may depend in part on acquiring other businesses in our industry.

We expect to continue to grow, in part, by buying other businesses. We will continue to look for strategic businesses to acquire, like our acquisition of TXI in 2014. In the past, we have made acquisitions to strengthen our existing locations, expand our operations and enter new geographic markets. We will continue to make selective acquisitions, joint ventures or other business arrangements we believe will help our company. However, the continued success of our acquisition program will depend on our ability to find and buy other attractive businesses at a reasonable price and our ability to integrate acquired businesses into our existing operations. We cannot assume there will continue to be attractive acquisition opportunities for sale at reasonable prices that we can successfully integrate into our operations.

We may decide to pay all or part of the purchase price of any future acquisition with shares of our common stock. For example, we used our common stock in our acquisition of TXI. We may also use our stock to make strategic investments in other companies to complement and expand our operations. If we use our common stock in this way, the ownership interests of our shareholders will be diluted and the price of our stock could fall. We operate our businesses with the objective of maximizing the long-term shareholder return.

Our integration of the acquisition of or business combination with other businesses may not be as successful as projected.

We have a successful history of business combinations and integration of these businesses into our heritage operations. Our largest business acquisition has been our business combination with TXI, which closed in July 2014. In 2015 we completed the integration of TXI s operations into our own operations, which allowed us to achieve the synergies, cost savings, and operating efficiencies we had forecasted from the TXI acquisition. In fact we completed this integration ahead of schedule and achieved even greater synergies and cost saving than the amount we originally forecasted from the TXI acquisition. However, in connection with the integration of any business that we may acquire, it is a risk factor that we will not be able to achieve such integration in a successful manner or on the time schedule we have projected or in a way that will achieve the level of synergies, cost savings, or operating efficiencies we have forecast from the acquisition.

Any other significant business acquisition or combination we might choose to do, similar to the acquisition of TXI, would require that we devote significant management attention and resources to preparing for and then integrating our business practices and operations. We believe we would be successful in this integration process. Nevertheless, we may fail to realize some of the anticipated benefits of any potential acquisition or other business combination that we might choose to pursue in the future, if the integration process takes longer than expected or is more costly than expected. Potential difficulties we may encounter in the integration process include:

- the inability to successfully combine operations in a manner that permits us to achieve the cost savings and revenue synergies anticipated to result from the proposed acquisition or business combination, which would result in the anticipated benefits of the acquisition or business combination not being realized partly or wholly in the time frame currently anticipated or at all;

- lost sales and customers as a result of certain customers of either the Company or former customers of the acquired or combined company deciding not to do business with the Company;

- complexities associated with managing the combined operations;

- integrating personnel;

- creation of uniform standards, internal controls, procedures, policies and information systems;

- potential unknown liabilities and unforeseen increased expenses, delays or regulatory issues associated with integrating the remaining operations; and

- performance shortfalls at business units as a result of the diversion of management attention caused by completing the remaining integration of the operations.

Ready mixed concrete and asphalt and paving product lines have lower profit margins and can be more volatile.

Our ready mixed concrete and asphalt and paving product lines typically provide lower profit margins (excluding freight and delivery revenues) than our aggregates product line due to potentially volatile input costs, highly competitive market dynamics, and lower barriers to entry. Therefore, as we expand these operations, our overall gross margin (excluding freight and delivery revenues) is likely to be adversely affected. We saw this impact our gross margin (excluding freight and delivery revenues) in recent years. Our overall ready mixed concrete and asphalt and paving operations gross margin (excluding freight and delivery revenues) was 6% for the three months ended March 31, 2017, 12% for 2016 and 8% for 2015. The overall gross margin (excluding freight and delivery revenues) of our Building Materials business will continue to reflect lower gross margins (excluding freight and delivery revenues) for our ready mixed concrete and asphalt and paving product lines compared with the aggregates and cement product lines.

Short supplies and high costs of fuel, energy and raw materials affect our businesses.

Our businesses require a continued supply of diesel fuel, natural gas, coal, petroleum coke and other energy. The financial results of these businesses have been affected by the short supply or high costs of these fuels and energy. While we can contract for some fuels and sources of energy, such as fixed-price supply contracts for coal and petroleum coke, significant increases in costs or reduced availability of these items have and may in the future reduce our financial results. Moreover, fluctuations in the supply and costs of these fuels and energy can make planning our businesses more difficult. Because of the fluctuating trends in diesel fuel prices, we enter into fixed-price fuel agreements from time to time for a portion of our diesel fuel to reduce our diesel fuel price risk. Our last fixed-price commitment for a portion of our diesel fuel requirements expired at the end of 2016.

To illustrate how diesel fuel price fluctuations, and other energy costs, have impacted our business, consider the recent years. In 2013 the average price we paid per gallon of diesel fuel was 4% lower than we paid in 2012, but the average cost of natural gas was 18% higher than 2012. Similarly, in 2014 the average price we paid per gallon of diesel fuel was 8% lower compared to 2013, but the average cost of natural gas increased 24% from 2013. Diesel fuel, which averaged $2.82 per gallon in 2014 and $2.98 per gallon in 2013, represents the single largest component of energy costs for our aggregates, ready mixed concrete and asphalt and paving product lines. Diesel fuel prices declined rapidly during December 2014, ending the year at a per gallon price that was 26% below the 2014 average. This trend continued in 2015, as the Company s average price per gallon of diesel fuel in 2015 was $2.05 compared with $3.02 in 2014. Natural gas costs also declined in 2015, down 28% from the 2014 average cost. These trends continued in 2016. Average diesel fuel prices per gallon fell to $1.96 in 2016 compared to $2.05 in 2015. Our average diesel fuel prices for 2015 and 2016 were higher than spot market prices by $0.30 per gallon since we purchased approximately 40% of our diesel fuel under a fixed price fuel agreement, which agreement has now expired, that had locked in a higher price at an earlier time. Natural gas costs again declined in 2016, down 25% from the 2015 average cost.

The Company has fixed price agreements for 100% of its 2017 coal needs, approximately 25% of its 2017 natural gas needs, and 50% of its 2017 petroleum coke needs.

Cement production requires large amounts of energy, including electricity and fossil fuels. Energy costs represented approximately 22% of the 2016 direct production costs of our cement product line. Therefore, the cost of energy is one of our largest expenses. Prices for energy are subject to market forces largely beyond our control and can be quite volatile. Price increases that we are unable to pass through in the form of price increases for our products, or disruption of the uninterrupted supply of fuel and electricity, could adversely affect us. Accordingly, volatility in energy costs can adversely affect the financial results of our cement product line. Profitability of the cement product line is also subject to kiln maintenance, which requires the plant to be shut down for a period of time as repairs are made. The cement product line incurred shutdown costs of $20.9 million and $26.0 million during 2016 and 2015, respectively.

Similarly our ready mixed concrete and asphalt and paving operations also require a continued supply of liquid asphalt and cement, which serve as key raw materials in the production of hot mix asphalt and ready mixed concrete, respectively. Some of these raw materials we can produce internally but most are purchased from third parties. These purchased raw materials are subject to potential supply constraints and significant price fluctuations, which are beyond our control. The financial results of our ready mixed concrete and asphalt and paving operations have been affected by the short supply or high costs of these raw materials. We generally see frequent volatility in the costs for these raw materials. For 2014, we saw higher prices for these raw materials than 2013. This trend reversed in 2015, when we saw lower prices for these raw materials than 2014. Liquid asphalt prices in 2016 were again lower than in 2015. Liquid asphalt prices may not always follow other energy products (e.g., oil or diesel fuel) because of complexities in the refining process which converts a barrel of oil into other fuels and petrochemical products.

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Cement is a commodity sensitive to supply and price volatility.

Cement is a commodity, and competition is often based mainly on price, which is highly sensitive to changes in supply and demand. Prices fluctuate significantly in response to relatively minor changes in supply and demand, general economic conditions and other market conditions, which we cannot control. When cement producers increase production capacity or more cement is imported into the market, an oversupply of cement in the market may occur if supply exceeds demand. In that case cement prices generally fall. We cannot be assured that prices for our cement products sold will not decline in the future or that such decline will not have a material adverse effect on our cement product line.

Unexpected equipment failures, catastrophic events and scheduled maintenance may lead to production curtailments or shutdowns.

Our manufacturing processes are dependent upon critical pieces of equipment, such as our kilns and finishing mills. This equipment, on occasion, may be out of service as a result of unanticipated failures or damage during accidents. In addition to equipment failures, our facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. We have one to two-week scheduled outages at least once a year to refurbish our cement and dolomitic lime production facilities. In 2016, the cement product line incurred shutdown costs of $20.9 million during the year. In 2016, the Magnesia Specialties business incurred shutdown costs of $4.5 million during the year. Any significant interruption in production capability may require us to make significant capital expenditures to remedy problems or damage as well as cause us to lose revenue due to lost production time.

Our cement product line and Magnesia Specialties business may become capacity constrained.

If our cement product line or Magnesia Specialties business becomes capacity constrained, they may be unable to satisfy on a timely basis the demand for some of their products, and any resulting changes in customers would introduce volatility to their earnings. We can address capacity needs by enhancing our manufacturing productivity, increasing the operational availability of equipment, reducing machinery down time and extending machinery useful life. Future demand for our products may require us to expand further our manufacturing capacity, particularly through the purchase of additional manufacturing equipment. However, we may not be able to increase our capacity in time to satisfy increases in demand that may occur from time to time. Capacity constraints may prevent us from satisfying customer orders and result in a loss of sales to competitors that are not capacity constrained. In addition, we may suffer excess capacity if we increase our capacity to meet actual or anticipated demand and that demand decreases or does not materialize.

Our cement product line could suffer if cement imports from other countries significantly increase or are sold in the U.S. in violation of U.S. fair trade laws.

The cement industry has in the past obtained antidumping orders imposing duties on imports of cement and clinker from other countries that violated U.S. fair trade laws. Currently, an antidumping order against cement and clinker from Japan is set to expire but is under review for extension by the United States International Trade Commission. As has always been the case, cement operators with import facilities can purchase cement from other countries, such as those in Latin America and Asia, which could compete with domestic producers. In addition, if environmental regulations increase the costs of domestic producers compared to foreign producers that are not subject to similar regulations, imported cement could achieve a significant cost advantage over domestically produced cement. An influx of cement or clinker products from countries not subject to antidumping orders, or sales of imported cement or clinker in violation of U.S. fair trade laws, could adversely affect our cement product line.

Paving operations present additional risks to our business.

Our paving operations face challenges when our contracts have penalties for late completion. In some instances, including many of our fixed price contracts, we guarantee that we will complete a project by a certain date. If we subsequently fail to complete the project as scheduled we may be held responsible for costs resulting from the delay, generally in the form of contractually agreed-upon liquidated damages. Under these circumstances, the total project cost could exceed our original estimate, and we could experience a loss of profit or a loss on the project. In our paving operations, we also have fixed price and fixed unit price contracts where our profits can be adversely affected by a number of factors beyond our control, which can cause our actual costs to materially exceed the costs estimated at the time of our original bid. These same issues and risks can also impact some of our contacts in our asphalt and ready mixed concrete operations. These risks are somewhat mitigated by the fact that a majority of our paving contracts are for short duration projects.

Changes in legal requirements and governmental policies concerning zoning, land use, the environment, and other areas of the law, and litigation relating to these matters, affect our businesses. Our operations expose us to the risk of material environmental liabilities.

Many federal, state and local laws and regulations relating to zoning, land use, the environment, health, safety and other regulatory matters govern our operations. We take great pride in our operations and try to remain in strict compliance at all times with all applicable laws and regulations. Despite our extensive compliance efforts, risk of liabilities, particularly environmental liabilities, is inherent in the operation of our businesses, as it is with our competitors. We cannot assume that these liabilities will not negatively affect us in the future.

We are also subject to future events, including changes in existing laws or regulations or enforcement policies, or further investigation or evaluation of the potential health hazards of some of our products or business activities, which may result in additional compliance and other costs. We could be forced to invest in preventive or remedial action, like pollution control facilities, which could be substantial.

Our operations are subject to manufacturing, operating, and handling risks associated with the products we produce and the products we use in our operations, including the related storage and transportation of raw materials, products, hazardous substances, and wastes. We are exposed to hazards including storage tank leaks, explosions, discharges or releases of hazardous substances, exposure to dust, and the operation of mobile equipment and manufacturing machinery.

These risks can subject us to potentially significant liabilities relating to personal injury or death, or property damage, and may result in civil or criminal penalties, which could hurt our productivity or profitability. For example, from time to time we investigate and remediate environmental contamination relating to our prior or current operations, as well as operations we have acquired from others, and in some cases we have been or could be named as a defendant in litigation brought by governmental agencies or private parties.

We are involved from time to time in litigation and claims arising from our operations. While we do not believe the outcome of pending or threatened litigation will have a material adverse effect on our operations or our financial condition, we cannot assume that an adverse outcome in a pending or future legal action would not negatively affect us.

Labor disputes could disrupt operations of our businesses.

Labor unions represent 9.9% of the hourly employees of our aggregates, ready mixed concrete, and asphalt and paving product lines, none of the hourly employees of our cement product line, and 100% of the hourly employees of our Magnesia Specialties business. Our collective bargaining agreements for employees of our

Magnesia Specialties business at the Manistee, Michigan magnesia chemicals plant and the Woodville, Ohio, lime plant expire in August 2019 and May 2018, respectively.

Disputes with our trade unions, or the inability to renew our labor agreements, could lead to strikes or other actions that could disrupt our businesses, raise costs, and reduce revenues and earnings from the affected locations.

Delays or interruptions in shipping products of our businesses could affect our operations.

Transportation logistics play an important role in allowing us to supply products to our customers, whether by truck, rail or ship. We also rely heavily on third-party truck and rail transportation to ship coal, natural gas and other fuels to our plants. Any significant delays, disruptions, or the non-availability of our transportation support system could negatively affect our operations. Transportation operations are subject to capacity constraints, high fuel costs and various hazards, including extreme weather conditions and slowdowns due to labor strikes and other work stoppages. In Texas, we compete for third-party trucking services with operations in the oil and gas fields, which can significantly constrain the availability of those services to us. If there are material changes in the availability or cost of transportation services, we may not be able to arrange alternative and timely means to ship our products or fuels at a reasonable cost, which could lead to interruptions or slowdowns in our businesses or increases in our costs.

The availability of rail cars can also affect our ability to transport our products. Rail cars can be used to transport many different types of products across all of our segments. If owners sell or lease rail cars for use in other industries, we may not have enough rail cars to transport our products.

We have long-term agreements with shipping companies to provide ships to transport our aggregates products from our Bahamas and Nova Scotia operations to various coastal ports. These contracts have varying expiration dates ranging from 2017 to 2027 and generally contain renewal options. Our inability to renew these agreements or enter into new ones with other shipping companies could affect our ability to transport our products.

When we sold our River District operations in 2011 as part of our asset exchange with Lafarge, we sold most of our barge long-haul distribution network. As a result, we reduced our risks from distributing our products by barges, especially along the Mississippi River. We still distribute some of our product by barge along rivers in West Virginia. We may continue to experience, to a lesser degree, risks associated with distributing our products by barges, including significant delays, disruptions or the non-availability of our barge transportation system that could negatively affect our operations, water levels that could affect our ability to transport our products by barge, and barges that may not be available in quantities that we might need from time to time to support our operations.

Our earnings are affected by the application of accounting standards and our critical accounting policies, which involve subjective judgments and estimates by our management. Our estimates and assumptions could be wrong.

The accounting standards we use in preparing our financial statements are often complex and require that we make significant estimates and assumptions in interpreting and applying those standards. We make critical estimates and assumptions involving accounting matters including our goodwill impairment testing, our expenses and cash requirements for our pension plans, our estimated income taxes, and how we account for our property, plant and equipment, and inventory. These estimates and assumptions involve matters that are inherently uncertain and require our subjective and complex judgments. If we used different estimates and assumptions or used different ways to determine these estimates, our financial results could differ.

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While we believe our estimates and assumptions are appropriate, we could be wrong. Accordingly, our financial results could be different, either higher or lower. We urge you to read about our critical accounting policies in our Management s Discussion and Analysis of Financial Condition and Results of Operations, included in the information incorporated by reference herein.

The adoption of new accounting standards may affect our financial results.

The accounting standards we apply in preparing our financial statements are reviewed by regulatory bodies and are changed from time to time. New or revised accounting standards could, either positively or negatively, affect results reported for periods after adoption of the standards as compared to the prior periods, or require retrospective application changing results reported for prior periods. We urge you to read about our accounting policies in Note A of our 2016 Financial Statements.

The Sarbanes-Oxley Act of 2002, and other related rules and regulations, have increased the scope, complexity, and cost of corporate governance. Reports from the Public Company Accounting Oversight Board s (PCAOB) inspections of public accounting firms continue to outline findings and recommendations which could require these firms to perform additional work as part of their financial statement audits. The Company s costs to respond to these additional requirements may increase.

We depend on the recruitment and retention of qualified personnel, and our failure to attract and retain such personnel could affect our business.

Our success depends to a significant degree upon the continued services of our key personnel and executive officers. Our prospects depend upon our ability to attract and retain qualified personnel for our operations. Competition for personnel is intense, and we may not be successful in attracting or retaining qualified personnel, which could negatively affect our business.

Disruptions in the credit markets could affect our business.

We have considered the current economic environment and its potential impact to the Company s business. Demand for aggregates products, particularly in the infrastructure construction market, has already been negatively affected by federal and state budget and deficit issues and the uncertainty over future highway funding levels, until the recent enactment of a new federal highway bill. Further, delays or cancellations to capital projects in the nonresidential and residential construction markets could occur if companies and consumers are unable to obtain financing for construction projects or if consumer confidence continues to be eroded by economic uncertainty.

A recessionary construction economy can also increase the likelihood we will not be able to collect on all of our accounts receivable with our customers. We are protected in part, however, by payment bonds posted by many of our customers or end-users. Nevertheless, we experienced a delay in payment from some of our customers during the construction downturn, which can negatively affect operating cash flows. Historically, our bad debt write-offs have not been significant to our operating results, and, although the amount of our bad debt write-offs has increased, we believe our allowance for doubtful accounts is adequate.

The credit environment could impact the Company s ability to borrow money in the future. Additional financing or refinancing might not be available and, if available, may not be at economically favorable terms. Further, an increase in leverage could lead to deterioration in our credit ratings. A reduction in our credit ratings, regardless of the cause, could also limit our ability to obtain additional financing and/or increase our cost of obtaining financing. There is no guarantee we will be able to access the capital markets at financially economical interest rates, which could negatively affect our business.

We may be required to obtain financing in order to fund certain strategic acquisitions, if they arise, or to refinance our outstanding debt. Any large strategic acquisition would require that we issue both newly issued equity and debt securities, like we did with the acquisition of TXI, in order to maintain our investment grade credit rating and could result in a ratings downgrade notwithstanding our issuance of equity securities to fund the transaction. We are also exposed to risks from tightening credit markets, through the interest payable on our outstanding debt and the interest cost on our commercial paper program, to the extent it is available to us. While management believes our credit ratings will remain at a composite investment-grade level, we cannot be assured these ratings will remain at those levels. While management believes the Company will continue to have credit available to it adequate to meet its needs, there can be no assurance of that.

Our Magnesia Specialties business depends in part on the steel industry and the supply of reasonably priced fuels.

Our Magnesia Specialties business sells some of its products to companies in the steel industry. While we have reduced this risk over the last few years, this business is still dependent, in part, on the strength of the cyclical steel industry. The Magnesia Specialties business also requires significant amounts of natural gas, coal, and petroleum coke, and financial results are negatively affected by increases in fuel prices or shortages.

Our Magnesia Specialties business faces currency risks from its overseas operations.

Our Magnesia Specialties business sells some of its products to companies located outside the United States. Approximately 18% of the revenues of the Magnesia Specialties business in 2016 were from foreign jurisdictions, principally Canada, Mexico, Europe, South America and the Pacific Rim, but no single foreign county accounted for 10% or more of the revenues of the business. Therefore the operations of the Magnesia Specialties business are affected from time to time by the fluctuating values of the currency exchange rates of the countries in which it does business in relation to the value of the U.S. dollar. The business tries to mitigate the short-term effects of currency exchange rates by primarily denominating sales in the U.S. dollar. This still leaves the business subject to certain risks, depending on the strength of the U.S. dollar. In 2016, the strength of the U.S. dollar in foreign markets negatively affected the overall price of the products of the Magnesia Specialties business when compared to foreign-domiciled competitors.

Our acquisitions could harm our results of operations.

In pursuing our business strategy, we conduct discussions, evaluate opportunities and enter into acquisition agreements. Acquisitions involve significant challenges and risks, including risks that:

- we may not realize a satisfactory return on the investment we make;
- we may not be able to retain key personnel of the acquired business;
- we may experience difficulty in integrating new employees, business systems and technology;
- our due diligence process may not identify compliance issues or other liabilities that are in existence at the time of our acquisition;
- we may have difficulty entering into new geographic markets in which we are not experienced; or
- we may be unable to retain the customers and partners of acquired businesses following the acquisition.

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Our articles of incorporation and bylaws and North Carolina law may inhibit a change in control that you may favor.

Our restated articles of incorporation and restated bylaws and North Carolina law contain provisions that may delay, deter or inhibit a future acquisition of us not approved by our board of directors. This could occur even if our shareholders are offered an attractive value for their shares or if many or even a majority of our shareholders believe the takeover is in their best interest. These provisions are intended to encourage any person interested in acquiring us to negotiate with and obtain the approval of our board of directors in connection with the transaction. Provisions that could delay, deter, or inhibit a future acquisition include the following:

the ability of the board of directors to establish the terms of, and issue, preferred stock without shareholder approval;

the requirement that our shareholders may only remove directors for cause;

the inability of shareholders to call special meetings of shareholders; and

super majority shareholder approval requirements for business combination transactions with certain five percent shareholders.
Additionally, the occurrence of certain change of control events could result in an event of default under certain of our existing or future debt instruments.

Changes in our effective income tax rate may harm our results of operations.

A number of factors may increase our future effective income tax rate, including:

governmental authorities increasing taxes or eliminating deductions, particularly the depletion deduction;

the jurisdictions in which earnings are taxed;

the resolution of issues arising from tax audits with various tax authorities;

changes in the valuation of our deferred tax assets and liabilities;

adjustments to estimated taxes upon finalization of various tax returns;

changes in available tax credits;

changes in stock-based compensation;

other changes in tax laws; and

the interpretation of tax laws and/or administrative practices.

Any significant increase in our future effective income tax rate could reduce net earnings and free cash flow for future periods.

Currently, the U.S. Congress is considering changes in the corporate tax code that, if enacted, could affect our net earnings. While the current expectation is a reduction in corporate tax rates, which should favorably affect net earnings, we cannot be certain of the impact of the elimination of tax preferences, capital investment deductibility or border adjustments, among other considerations. Based on our current assessment, a reduction in corporate tax rates to 25% (from 35%) and the elimination of all current deductions, including the statutory percentage depletion deduction, would be neutral to both net earnings and free cash flow. However, this assessment will change depending on the ultimate nature, extent and/or timing of any tax code changes, if any.

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We are dependent on information technology and our systems and infrastructure face certain risks, including cybersecurity risks and data leakage risks.

We are dependent on information technology systems and infrastructure. Any significant breakdown, invasion, destruction or interruption of these systems by employees, others with authorized access to our systems, or unauthorized persons could negatively impact operations. There is also a risk that we could experience a business interruption, theft of information or reputational damage as a result of a cyber-attack, such as an infiltration of a data center, or data leakage of confidential information either internally or at our third-party providers. While we have invested in the protection of our data and information technology to reduce these risks and routinely test the security of our information systems network, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business.

Risks related to the notes

The notes will be subject to prior claims of our secured creditors and the creditors of our subsidiaries, and we may not have sufficient funds to fulfill our obligations under the notes.

The notes will be our unsecured general obligations, ranking equally with our other senior indebtedness and liabilities, and will not be guaranteed by any of our subsidiaries. As a result, the notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to all of the existing and future indebtedness and other liabilities (including trade accounts payable) and preferred equity of our subsidiaries. As of March 31, 2017, we had an aggregate amount of approximately $290 million under our secured accounts receivable credit facility on which the borrower is Martin Marietta Funding LLC, a wholly owned subsidiary. Other than the debt outstanding under this facility, our subsidiaries had no indebtedness and the Company s only other secured indebtedness was approximately $15 million of capital lease obligations.

The indenture that will govern the notes will permit us and our subsidiaries to incur additional secured debt under specified circumstances. If we incur any secured debt, our assets will be subject to prior claims by our secured creditors. In the event of our bankruptcy, liquidation, reorganization or other winding up, assets that secure our debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in our remaining assets ratably with all of our unsecured and unsubordinated creditors, including the lenders under our revolving credit facility and our trade creditors. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all of these creditors, all or a portion of the notes then outstanding would remain unpaid.

The notes will not be guaranteed by any of our subsidiaries and will be structurally subordinated to indebtedness and other liabilities and preferred equity of our subsidiaries. The indenture that will govern the notes will not restrict the ability of our subsidiaries to incur indebtedness or other liabilities or issue preferred equity, and any indebtedness and other liabilities (including trade accounts payable) and preferred equity of our subsidiaries will be structurally senior to the notes. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their indebtedness and their trade and other creditors and holders of their preferred equity will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets of those subsidiaries will be made available for distribution to us.

In the future, certain of our subsidiaries may be required or otherwise designated to guarantee certain indebtedness but not be required to guarantee the notes pursuant to the indenture that will govern the notes. In such circumstance, the notes would be structurally subordinated with respect to the debt and other liabilities of such subsidiaries that do not guarantee the notes but guarantee such indebtedness.

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Our indebtedness may impair our financial condition and liquidity and prevent us from fulfilling our obligations under the notes and our other debt instruments.

As of March 31, 2017, we had an aggregate of approximately $1,855 million of indebtedness, excluding intercompany liabilities. Of this amount, approximately $290 million was under our secured accounts receivable credit facility on which the borrower is Martin Marietta Funding LLC, a wholly owned subsidiary. Other than the debt outstanding under this facility, our subsidiaries had no indebtedness and the Company s only other secured indebtedness was approximately $15 million of capital lease obligations. Our indebtedness could have important consequences to you, including:

- making it more difficult for us to satisfy our obligations with respect to the notes;
- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy and other general corporate purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, which would reduce availability of our cash flow to fund working capital, capital expenditures, acquisitions, execution of our strategy and other general corporate purposes;
- subjecting us to cross-defaults and cross-acceleration of the maturities of our debt and, in the case of secured debt, foreclosure of collateral upon default;
- making us more vulnerable to adverse changes in general economic, industry and government regulations and in our business by limiting our flexibility in planning for, and making it more difficult for us to react quickly to, changing conditions; and
- placing us at a competitive disadvantage compared with those of our competitors that have less debt.

Our historical financial results have been, and we anticipate that our future financial results will be, subject to fluctuations. Our ability to generate cash flow from operations is dependent on our ability to execute our business strategy and is also subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Accordingly, we cannot assure you that our business will generate sufficient cash flow from operations or that future financing will be available to us on attractive terms, or at all, in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other business needs.

The indenture will not limit the amount of indebtedness that we and our subsidiaries may incur.

The indenture that will govern the notes will not limit the amount of indebtedness that we and our subsidiaries may incur. The indenture will not contain any financial maintenance covenants or other provisions that would afford the holders of the notes any substantial protection in the event we participate in a highly leveraged or similar transaction. In addition, the indenture will not contain any restrictive covenants prohibiting or otherwise limiting our ability to repurchase common stock, pay dividends or make any payments on junior or other indebtedness. As a result, we may be unable to fulfill our obligations under the notes.

In addition, the limitation on the liens covenant contains exceptions for specified permitted liens that would allow us and our subsidiaries to borrow substantial additional amounts and to grant liens or security interests with respect to our assets in connection with those borrowings. In light of these exceptions, holders of the notes may be structurally and/or effectively subordinated to new lenders.

The agreements governing our indebtedness contain various covenants that limit our discretion in the operation of our business and also require us to satisfy a financial leverage test and comply with other

covenants. The failure to satisfy such test and to comply with such covenants could have a material adverse effect on us.

The agreements governing our indebtedness contain various covenants, subject to exceptions, including covenants that restrict our ability to:

- create liens on our assets;
- use assets as security in other transactions;
- merge with or into other companies; and
- enter into sale and leaseback transactions.

In addition, our existing revolving credit facility requires that we satisfy a leverage ratio test, which is tested as of the last day of each quarter. During periods in which we experience declines in shipments of aggregates products, or otherwise experience the adverse impact of cyclical market trends or other factors, we may not be able to comply with such financial covenant.

Any failure to comply with the restrictions of our existing revolving credit facility or any agreement governing our other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related indebtedness, which acceleration may trigger cross-acceleration or cross-default provisions in other indebtedness. For example, the acceleration of certain indebtedness in excess of $100.0 million would constitute an event of default under our revolving credit facility. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding indebtedness, either upon maturity or, if accelerated, upon an event of default.

If, when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, our existing revolving credit facility, or if a default otherwise occurs, the lenders under our existing revolving credit facility could elect to terminate their commitments thereunder and cease making further loans, and lenders under our existing revolving credit facility could declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable. Any such actions could force us into bankruptcy or liquidation, and we cannot provide any assurance that we could repay our obligations under the notes in such an event.

Changes in our credit ratings may adversely affect the value of the notes.

Agency ratings are not a recommendation to buy, sell or hold any security and may be revised or withdrawn at any time by the issuing organization. We cannot provide assurance as to the credit ratings that may be assigned to the notes or that any such credit ratings will remain in effect for any given period of time or that any such ratings will not be lowered (or placed on review for a downgrade), suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgment, circumstances warrant such an action. Further, any such ratings will be limited in scope and will not address all material risks relating to an investment in the notes, but rather will reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. Any actual or anticipated adverse changes in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could adversely affect the market price of the notes, increase our corporate borrowing costs and limit our access to the capital markets.

Our financial performance and other factors could adversely impact our ability to make payments on the notes.

Our ability to make scheduled payments with respect to our indebtedness, including the notes, will depend on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and to

financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and premium, if any, and interest on, our indebtedness.

If our cash flows are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay capital expenditures, sell important assets, seek additional capital or seek to restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful on attractive terms, or at all, and may not permit us to meet our scheduled debt service obligations.

Certain of our borrowings bear, and the floating rate notes will bear, interest at floating rates that could rise significantly, increasing our cost and reducing cash flow.

A significant part of our indebtedness, including borrowings under our revolving credit facility, trade receivable facility and the floating rate notes, bears or will bear interest at per annum rates equal to LIBOR, adjusted periodically, plus a spread. In the past, the LIBOR rate has experienced significant fluctuations. Any historical upward or downward trend in the LIBOR is not an indication that the LIBOR rate is more or less likely to increase or decrease at any time and you should not take historical levels of the LIBOR rate as an indication of its future performance. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the notes.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of the floating rate notes.

Regulators and law enforcement agencies in the United Kingdom and elsewhere are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers Association (the BBA) in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR.

Actions by regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. At this time, it is not possible to predict the effect of any such changes and any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes may adversely affect the trading market for LIBOR-based securities, including the floating rate notes.

We may not be able to repurchase the notes upon a change of control repurchase event.

If a Change of Control Repurchase Event occurs, we will be required to offer to repurchase all of the outstanding notes at a repurchase price equal to 101% of their principal amount, plus unpaid interest, if any, accrued thereon to, but excluding, the date of repurchase, unless, in the case of the fixed rate notes, we have exercised our right to redeem such notes in full. However, we may not be able to repurchase the notes upon a Change of Control Repurchase Event because we may not have sufficient funds to do so. In addition, agreements governing indebtedness incurred in the future may restrict us from purchasing the notes in the event of a Change of Control Repurchase Event. Any failure to repurchase properly tendered notes would constitute an event of default under the indenture that will govern the notes, which could, in turn, cause an acceleration of our other indebtedness. See Description of the notes Change of Control Repurchase Event.

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The definition of a change of control requiring us to repurchase the notes is limited, and the market price of the notes may decline if we enter into a transaction that is not a change in control under the indenture that will govern the notes.

The term Change of Control (as used in the notes and the indenture) is limited in terms of its scope and does not include every event that might cause the market price of the notes to decline. In addition, we are required to repurchase the notes upon a change of control only if such notes receive a reduction in rating below investment grade. Further, the definition of Change of Control includes a phrase relating to the transfer of all or substantially all of our assets and those of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder with respect to either series of notes to require us to repurchase the notes of the applicable series as a result of a transfer of less than all of our assets and the assets of our subsidiaries, taken as a whole, to another person or group may be uncertain. Our obligation to repurchase the notes is limited and may not preserve the market price of the notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction. See Description of the notes Change of Control Repurchase Event.

There are no public markets for the notes, and we cannot assure you that markets for the notes will develop.

Each series of notes is a new issue of securities with no established trading market. We do not intend to list either series of notes on any securities exchange or to arrange for the notes to be quoted on any automated interdealer quotation system. The underwriters have advised us that they currently intend to make a market in the notes, subject to applicable securities laws. However, the underwriters are not obligated to do so and may discontinue any such market-making at any time without notice to, or the consent of, the holders of the notes.

Each of the floating rate notes and the fixed rate notes is a new issue of securities for which there is no existing trading market, and no assurance can be given as to:

- whether an active trading market for such notes will develop or be maintained;
- the liquidity of any such market that may develop;
- the ability of holders of notes to sell their notes; or
- the prices at which the holders of notes would be able to sell their notes.

If a trading market were to exist for the notes of a series, such notes could trade at prices that may be higher or lower than their principal amounts or purchase prices, depending on many factors, including:

- the time remaining to the maturity of such notes;
- the outstanding principal amount of such notes;
- the terms related to redemption or repurchase of such notes;
- the market for debt securities of comparable companies;
- the level, direction and volatility of market interest rates generally;

the interest of securities dealers in making a market;

the market price of our common stock;

general economic conditions; and

our financial condition, liquidity and results of operations and future prospects.

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An active trading market for the notes may never develop or, even if it develops, may not continue, in which case the trading price of the notes could be adversely affected and your ability to transfer the notes will be limited.

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Ratio of earnings to fixed charges

The following table shows our historical ratio of earnings to fixed charges for the periods indicated. As we have no shares of preferred stock outstanding as of the date of this prospectus, no ratio of earnings to fixed charges and preferred dividends is presented.

	Three months ended March 31,			**Year ended December 31,**		
	2017	**2016**	**2015**	**2014**	**2013**	**2012**
Ratio of earnings to fixed charges	2.26x	6.45x	4.88x	3.69x	3.41x	2.45x

We computed the ratio of earnings to fixed charges by dividing Earnings and Fixed Charges by the amount of Total Fixed Charges. For the purposes of calculating this ratio, we have calculated Earnings and Fixed Charges by adding (i) Earnings before income taxes; (ii) gain or loss from less than 50%-owned associated companies; (iii) interest expense; and (iv) the portion of rents representative of an interest factor. For the purposes of calculating this ratio, we have calculated Total Fixed Charges by adding (i) interest expense; (ii) capitalized interest; and (iii) the portion of rents representative of an interest factor.

Use of proceeds

We estimate that the net proceeds from this offering will be approximately $595 million, after deducting underwriters discounts and our estimated offering expenses. We intend to use the net proceeds from this offering to (i) refinance in full at maturity the $300.0 million aggregate principal amount of our floating rate notes scheduled to mature on June 30, 2017, (ii) repay approximately $200 million of the debt outstanding under our revolving credit facility and (iii) repay approximately $95 million of the debt outstanding under our trade receivables facility.

Pending application of the net proceeds of this offering for the foregoing purposes, we expect to, but we are not required to, invest such net proceeds in either cash or high quality, short-term debt securities.

Our floating rate notes due 2017 bear interest at a per annum rate (reset quarterly) equal to three-month LIBOR for U.S. dollars plus 1.10%. The revolving credit facility is scheduled to mature on December 5, 2021. Borrowings under the revolving credit facility bear interest, at the Company s option, at rates based upon LIBOR or a base rate, plus, for each rate, a margin determined in accordance with a ratings-based pricing grid. The trade receivables facility is scheduled to mature on September 27, 2017. Borrowings under the trade receivables facility bear interest at a per annum rate (reset monthly) equal to one-month LIBOR plus 0.725%, subject to change in the event that this rate no longer reflects the lender s cost of lending.

During the year ended March 31, 2017, we increased borrowings under our trade receivables facility and revolving credit facility in an aggregate principal amount of approximately $310 million. These increased borrowings, along with cash flow generated by the Company, were used to fund approximately $395 million of capital expenditures, approximately $56 million of acquisitions, approximately $209 million of share repurchases and approximately $106 million in dividends on our common stock.

Certain underwriters and/or their affiliates are lenders under our revolving credit facility and trade receivables facility and may hold a portion of our floating rate notes scheduled to mature on June 30, 2017. As a result, certain of the underwriters and/or their affiliates will receive a portion of the proceeds of the offering. See Underwriting (conflicts of interest) Conflicts of interest.

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Capitalization

The following table sets forth our unaudited cash and cash equivalents and capitalization as of March 31, 2017 on:

an actual basis; and

an as adjusted basis after giving effect to this offering and the use of proceeds therefrom.

You should read this table in conjunction with the information set forth under Use of proceeds, Summary Summary financial data, our consolidated financial statements and the notes related thereto, each of which is incorporated herein by reference. See Where you can find more information and Incorporation by reference.

	As of March 31, 2017	
(in thousands)	**Actual**	**As adjusted(1)**
Cash and cash equivalents	$ 55,418	$ 55,418
Trade receivables facility(2)	$ 290,000	$ 195,000
Revolving credit facility(3)	210,000	10,000
Floating rate notes due 2017(4)	300,000	
6.60% Senior Notes due 2018(4)	300,000	300,000
Notes offered hereby		600,000
4.25% Senior Notes due 2024(4)	400,000	400,000
7.00% Debentures due 2025(4)	125,000	125,000
6.25% Senior Notes due 2037(4)	230,000	230,000
Other	344	344
Total debt(5)(6)	1,855,344	1,860,344
Equity:		
Common stock	626	626
Additional paid-in capital	3,349,813	3,349,813
Accumulated other comprehensive loss	(128,425)	(128,425)
Retained earnings	851,354	851,354
Total shareholders equity	4,073,368	4,073,368
Total capitalization	$ 5,928,712	$ 5,933,712

(1) Ad adjusted column does not reflect any fees and expenses or breakage costs paid in connection with this offering and the use of proceeds therefrom.

(2) Our trade receivables facility is backed by trade receivables originated by Martin Marietta Materials, Inc. and certain of its subsidiaries. Our trade receivables facility is scheduled to terminate on September 27, 2017, but may be further extended by agreement of Martin Marietta Materials, Inc. and the lenders thereunder, and had an interest rate of 1.51% at March 31, 2017. On September 28, 2016, we amended our trade receivables facility to increase the amount of the facility by an additional $50.0 million to a total of $300.0 million.

(3) Our $700.0 million revolving credit facility is a senior unsecured obligation of Martin Marietta Materials, Inc. Our revolving credit facility is scheduled to mature on December 5, 2021 and had an interest rate of 2.09% at March 31, 2017. Available borrowings under our revolving credit facility are reduced by any outstanding letters of credit issued thereunder, which totaled $2.5 million as of March 31, 2017. On April 28, 2017 we repaid $10.0 million of outstanding

borrowings under our revolving credit facility. This repayment is not reflected in this table.

(4) Our floating rate notes due June 30, 2017, 6.60% Senior Notes due April 15, 2018, 4.25% Senior Notes due July 2, 2024, 7.00% Debentures due December 1, 2025 and 6.25% Senior Notes due May 1, 2037 are senior unsecured obligations of Martin Marietta Materials, Inc.

(5) Total debt does not reflect any co-borrowing arrangements with unconsolidated affiliates. Martin Marietta Materials, Inc. is a co-borrower with an unconsolidated affiliate for a $25.0 million revolving line of credit with Branch Banking and Trust Company, of which $16.6 million was outstanding as of March 31, 2017. The line of credit expires in February 2018. The affiliate has agreed to reimburse and indemnify Martin Marietta Materials, Inc. for any payments and expenses Martin Marietta Materials, Inc. may incur from this agreement. Martin Marietta Materials, Inc. holds a lien on the affiliate s membership interest in a joint venture as collateral for payment under the revolving line of credit.

(6) Balances for publicly traded notes exclude unamortized debt issuance costs and debt discount, which has a collective balance of $9.1 million as of March 31, 2017 (on an actual basis).

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Description of the notes

Martin Marietta Materials, Inc. (the Company) will issue $ million aggregate principal amount of Floating Rate Senior Notes due 2020 (the Floating Rate Notes) and $ million aggregate principal amount of % Senior Notes due 2027 (the Fixed Rate Notes and, together with the Floating Rate Notes, the Notes) under an indenture (the Base Indenture) to be dated as of the closing date of this offering, between the Company and Regions Bank, as trustee (the Trustee), as supplemented by a first supplemental indenture (the Supplemental Indenture and, together with the Base Indenture, the Indenture), to be dated as of the closing date of this offering, between the Company and the Trustee. The Floating Rate Notes and the Fixed Rate Notes will each constitute a separate series of debt securities under the Indenture. The terms of the Notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the TIA).

The following description of selected provisions of the Indenture and the Notes is not complete, and is subject to, and qualified in its entirety by reference to, the actual provisions of the Indenture and the Notes, including the definitions of certain terms contained therein and those terms made part of the Indenture by reference to the TIA. A copy of the Indenture and forms of Notes may be obtained from the Trustee upon request. Unless the context otherwise requires, all references in this section to the Company refer solely to Martin Marietta Materials, Inc., and not to its subsidiaries or other affiliates.

General

The initial offering of the Floating Rate Notes will be for $ in aggregate principal amount, and the initial offering of the Fixed Rate Notes will be for $ in aggregate principal amount, and, in each case, will be issued in fully registered form without coupons in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. However, the Company may issue additional debt securities with the same terms as the Notes of a particular series (other than issue date and, to the extent applicable, the date from which interest will begin to accrue and the first payment of interest) and such additional debt securities will be consolidated, and constitute a single series of debt securities, with the Notes of such series for all purposes without notice to, or the consent of, the holders of the Notes. Unless the context requires otherwise, references to Notes (and, as applicable, Floating Rate Notes or Fixed Rate Notes) for all purposes of the Indenture and this Description of the notes include any such additional debt securities that are actually issued; *provided*, *however*, that in the event such additional debt securities are not fungible with Notes of such series for U.S. federal income tax purposes, such additional debt securities will be issued with a separate CUSIP number from the Notes of such series. The Company may issue an unlimited principal amount of debt securities under the Indenture.

The Notes will be the Company s senior unsecured obligations, will rank equally in right of payment with all of its existing and future senior indebtedness and will rank senior in right of payment to all of our future subordinated indebtedness. The Notes will be effectively subordinated to all of the Company s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. The Notes will not be guaranteed by any of the Company s subsidiaries and will be structurally subordinated to all of the existing and future indebtedness and other liabilities (including trade accounts payable) and preferred equity of the Company s subsidiaries.

Principal and interest

The Floating Rate Notes will bear interest from, and including, , 2017. The Floating Rate Notes will bear interest at a per annum floating rate, reset quarterly, equal to three-month LIBOR for U.S. dollars plus %

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(or basis points), as described below under Provisions applicable to Floating Rate Notes only. Interest on the Floating Rate Notes will be payable quarterly in arrears on , , and , commencing , 2017 (each, a Floating Rate Interest Payment Date). Interest payments (except defaulted interest, which shall be paid as set forth below) on a Floating Rate Interest Payment Date will be made to the holder in whose name a Floating Rate Note is registered at the close of business on the 15th calendar day immediately preceding such Floating Rate Interest Payment Date, whether or not such 15th calendar day is a Business Day (as defined below) (each, a Floating Rate Regular Record Date).

The Fixed Rate Notes will bear interest from, and including, , 2017 at the rate of % per annum, based on a 360-day year consisting of twelve 30-day months. Interest on the Fixed Rate Notes will be payable semiannually in arrears on and of each year, commencing , 2017 (each, a Fixed Rate Interest Payment Date). Interest payments (except defaulted interest, which shall be paid as set forth below) on a Fixed Rate Interest Payment Date will be made to the holder in whose name a Fixed Rate Note is registered at the close of business on the 15th calendar day immediately preceding such Fixed Rate Interest Payment Date, whether or not such 15th calendar day is a Business Day (each, a Fixed Rate Regular Record Date).

Each Floating Rate Interest Payment Date and each Fixed Rate Interest Payment Date is referred to herein as an Interest Payment Date. Each Floating Rate Regular Record Date and each Fixed Rate Regular Record Date is referred to herein as a Regular Record Date.

The Company may, at its option, make payments of interest on an Interest Payment Date by check mailed to the address of each holder entitled to receive such a payment or by wire transfer to an account maintained by each such holder with a bank located in the United States.

Any interest on Notes of either series not punctually paid or duly provided for on an applicable Interest Payment Date will forthwith cease to be payable to the holders of such Notes on the related Regular Record Date and may either be paid to the persons in whose names such Notes are registered at the close of business on a special record date (each, a Special Record Date) for the payment of the interest not punctually paid or duly provided for to be fixed by the Company, notice of which shall be mailed to the holders of such Notes not less than 15 days prior to such Special Record Date, or may be paid at any time in any other lawful manner, as further described in the Indenture.

The Floating Rate Notes will mature on , 2020, and the Fixed Rate Notes will mature on , 2027, and each such date is referred to as the Stated Maturity Date with respect to the applicable series of Notes. However, the Fixed Rate Notes will be redeemable prior to maturity as specified under Optional redemption. If a Change of Control Repurchase Event occurs, the Company will be required to offer to repurchase all of the outstanding Notes at a repurchase price equal to 101% of their principal amount plus unpaid interest, if any, accrued thereon to, but excluding, the date of repurchase, unless, in the case of the Fixed Rate Notes, the Company has exercised its right to redeem such Notes in full. See Change of Control Repurchase Event.

The Company will pay the principal of each Note on the applicable Stated Maturity Date or the principal of, and premium, if any, and interest, if any, on, each Note on any applicable redemption date (the Redemption Date) or any applicable repurchase date (the Repurchase Date), as the case may be (the Stated Maturity Date, the Redemption Date or the Repurchase Date is referred to herein as the Maturity Date with respect to the principal of such Note of the applicable series repayable on such date), by wire transfer of immediately available funds, or in certain limited circumstances, by check.

If any Fixed Rate Interest Payment Date, any Stated Maturity Date, any Redemption Date or any Repurchase Date falls on a day that is not a Business Day, the required payment due on such date will instead be made on

the next Business Day and no additional interest will accrue with respect to such payment date as a result of payment on such next Business Day. If a Floating Rate Interest Payment Date falls on a day that is not a Business Day, such Floating Rate Interest Payment Date will be postponed to the next succeeding Business Day, unless such next Business Day falls in the next succeeding calendar month, in which case such Floating Rate Interest Payment Date will be the immediately preceding Business Day. A Business Day means any day other than a Saturday, Sunday or other day on which banking institutions in The City of New York or place of payment are authorized or obligated by law, regulation or executive order to close; *provided* that, for purposes of determining a Floating Rate Interest Payment Date, such day is also a London Business Day (as defined below).

Prior to due presentment of a Note for registration of transfer, the Company, the Trustee and any other agent of the Company or the Trustee may treat the registered holder of each Note as the owner of such Note for the purpose of receiving payments of principal of, and premium, if any, and interest on, such Note and for all other purposes whatsoever. Subject to certain limitations imposed on global notes, the Notes may be surrendered for registration of transfer or exchange thereof in accordance with the terms of the indenture.

The Notes will be exchangeable and transferable, at the office or agency of the Company maintained for such purposes, which, initially, will be the corporate trust office of the Trustee located at 1180 West Peachtree St., Suite 1200, Atlanta, GA 30309, Attention: Tom Clower. No service charge will be made for any registration of transfer, or exchange of Notes, except in certain circumstances for any tax or other governmental charge that may be imposed in connection therewith.

Provisions applicable to Floating Rate Notes only

The Floating Rate Notes will bear interest for each Interest Period at a rate per annum calculated by the Trustee, as calculation agent (the Calculation Agent), subject to the maximum interest rate permitted by New York or other applicable state law, as such law may be modified by U.S. law of general application. The per annum rate at which interest on the Floating Rate Notes will accrue and be payable during a particular Interest Period will be equal to three-month LIBOR for U.S. dollars, determined on the Interest Determination Date (as defined below) for such Interest Period, plus % (or basis points).

Interest Determination Date means the second London Business Day immediately preceding the applicable Interest Period. The Interest Determination Date for the initial Interest Period will be the second London Business Day immediately preceding settlement for the Floating Rate Notes.

Interest Period means the period from, and including, the immediately preceding Floating Rate Interest Payment Date (or, with respect to the initial Interest Period only, from, and including, , 2017) to, but excluding, the next Floating Rate Interest Payment Date or the Maturity Date, as applicable.

London Business Day means a day on which commercial banks are open for general business (including dealings in U.S. dollars) in London.

three-month LIBOR , for any Interest Determination Date, will be the offered rate for deposits in the London interbank market in U.S. dollars having an index maturity of three months, as such rate appears on the Reuters Page LIBOR01 as of approximately 11:00 a.m., London time, on such Interest Determination Date. If, on an Interest Determination Date, such rate does not appear on Reuters Page LIBOR01 as of 11:00 a.m., London time, or if Reuters Page LIBOR01 is not available on such date, the Calculation Agent will obtain such rate from Bloomberg L.P. s page BBAM (or such other page as may replace the BBAM page on that service (or any successor service)). With respect to an Interest Determination Date on which no rate appears on either the Reuters Page LIBOR01 or Bloomberg L.P. page BBAM as of approximately 11:00 a.m., London time, the Calculation Agent will request the principal London offices of each of four major reference banks in the London

interbank market, as selected by the Company, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the first day of the applicable Interest Period to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date, and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then three-month LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then three-month LIBOR on the Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in The City of New York, on the Interest Determination Date by up to three major banks in The City of New York selected by the Company for loans in U.S. dollars to leading European banks having an index maturity of three months and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; *provided* that if fewer than two quotations are so provided, then three-month LIBOR on the Interest Determination Date will be equal to the three-month LIBOR in effect with respect to the immediately preceding Interest Period, except in the case of the initial Interest Period, where if three-month LIBOR cannot be so determined, three-month LIBOR will be   % per annum.

Reuters Page LIBOR01 means the display designated on page LIBOR01 by Reuters Group plc (or such other page as may replace the LIBOR01 page on that service (or any successor service) or such other service as may be nominated by the ICE Benchmark Administration Ltd. (or such other entity assuming the responsibility from it for calculating London interbank offered rates for U.S. dollar deposits) for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

The amount of interest for each day that the Floating Rate Notes are outstanding (the daily interest amount) will be calculated by dividing the interest rate in effect for such day by 360 and multiplying the result by the principal amount of the outstanding Floating Rate Notes. The amount of interest to be paid on the Floating Rate Notes for any Interest Period will be calculated by adding the daily interest amounts for each day in such Interest Period.

The interest rate and amount of interest to be paid on the Floating Rate Notes for each Interest Period will be calculated by the Calculation Agent. All calculations made by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding on the Company and the holders of the Floating Rate Notes. So long as three-month LIBOR is required to be determined with respect to the Floating Rate Notes, there will at all times be a Calculation Agent. In the event that any then acting Calculation Agent shall be unable or unwilling to act, or that such Calculation Agent shall fail duly to establish three-month LIBOR for any Interest Period, or that the Company proposes to remove such Calculation Agent, the Company shall appoint itself or another person which is a bank, trust company, investment banking firm or other financial institution to act as the Calculation Agent.

All percentages resulting from any calculation of the interest rate on the Floating Rate Notes will be rounded to the nearest one hundred-thousandth of a percentage point with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation on the Floating Rate Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

Upon request from any holder of Floating Rate Notes, the Calculation Agent will provide the interest rate in effect for the Floating Rate Notes for the current Interest Period and, if it has been determined, the interest rate to be in effect for the next Interest Period.

Optional redemption

The Company may redeem the Fixed Rate Notes, at its option, at any time in whole or from time to time in part (equal to a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof), for cash (1) prior to

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the Par Call date (as defined below) at a price equal to the greater of (i) 100% of the principal amount of the Fixed Rate Notes to be redeemed and (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the principal amount of the Fixed Rate Notes to be redeemed and the remaining scheduled payments of interest thereon after the date of optional redemption (an Optional Redemption Date) through the Par Call Date (assuming, for this purpose, that the Fixed Rate Notes are scheduled to mature on the Par Call Date) (the Assumed Remaining Life) (excluding interest, if any, accrued thereon to such Optional Redemption Date), discounted to such Optional Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points (or %) (collectively, the Make Whole Amount), and (2) on or after the Par Call Date and prior to maturity, 100% of the principal amount of the Fixed Rate Notes to be redeemed, plus, in each case, unpaid interest, if any, accrued thereon to, but excluding, such Optional Redemption Date. Notwithstanding the foregoing, the Company will pay any interest installment due on a Fixed Rate Interest Payment Date which occurs on or prior to such Optional Redemption Date to the holders of the Fixed Rate Notes as of the close of business on the Fixed Rate Regular Record Date immediately preceding such Fixed Rate Interest Payment Date.

The Floating Rate Notes will not be subject to optional redemption by the Company prior to their Stated Maturity Date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the Assumed Remaining Life that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Assumed Remaining Life.

Comparable Treasury Price means, with respect to any Optional Redemption Date, the average of two Reference Treasury Dealer Quotations for such Optional Redemption Date.

Par Call Date means the date that is three months prior to the date that the Fixed Rate Notes are scheduled to mature.

Quotation Agent means, with respect to any Optional Redemption Date, the Reference Treasury Dealer appointed by the Company for such purpose.

Reference Treasury Dealer means (i) each of Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC or their respective affiliates which are primary U.S. Government securities dealers and their respective successors; *provided, however,* that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in The City of New York (a Primary Treasury Dealer), the Company shall substitute therefor another Primary Treasury Dealer and (ii) at the Company s option, any other Primary Treasury Dealers selected by the Company.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Optional Redemption Date.

Treasury Rate means, with respect to any Optional Redemption Date, the rate per annum equal to the semiannual yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Optional Redemption Date.

Notice of any redemption will be mailed at least 15 days but not more than 30 days prior to the Optional Redemption Date to each holder of the Fixed Rate Notes to be redeemed (with a copy to the Trustee). The notice

of redemption will specify, among other items, the aggregate principal amount of Fixed Rate Notes to be redeemed, the Optional Redemption Date and the redemption price.

If the Company chooses to redeem less than all of the outstanding Fixed Rate Notes, then the Company will notify the Trustee at least 30 days before the Optional Redemption Date (or such later date acceptable to the Trustee) of the aggregate principal amount of Fixed Rate Notes to be redeemed and the Optional Redemption Date. The Trustee will select, pro rata, by lot, or such other manner it deems fair and appropriate, the Fixed Rate Notes to be redeemed in part. For redemption of global notes in part, see Forms.

If the Company has provided a proper redemption notice to holders of the Fixed Rate Notes to be redeemed then, unless the Company defaults in payment of the redemption price, on and after the Optional Redemption Date interest will cease to accrue on such Fixed Rate Notes.

The Company may at any time, and from time to time, purchase Notes at any price or prices in the open market or otherwise.

The Notes will not be entitled to the benefit of, or be subject to, any sinking fund obligation.

Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, the Company will be required to make an irrevocable offer (subject to consummation of the Change of Control Repurchase Event) to each holder of Notes of each series to repurchase all or, at the election of such holder, any part (equal to a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof) of such holder s Notes for cash at a price equal to 101% of the principal amount of such Notes to be repurchased plus unpaid interest, if any, accrued thereon to, but excluding, the Repurchase Date, unless, in the case of the Fixed Rate Notes, the Company has exercised its right to redeem such Fixed Rate Notes in full. Notwithstanding the foregoing, the Company will pay any interest installment due on an Interest Payment Date which occurs on or prior to the Repurchase Date to the holders of the Notes of the applicable series as of the close of business on the applicable Regular Record Date immediately preceding such Interest Payment Date.

Within 30 days following any Change of Control Repurchase Event or, at the Company s option, prior to any Change of Control (as defined herein), but after the public announcement of the Change of Control, the Company will mail a notice to each holder of Notes of each series, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase all of such Notes on the Repurchase Date specified in the notice, which date will, subject to the following sentence, be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to repurchase such Notes is conditioned on the Change of Control Repurchase Event occurring on or prior to the Repurchase Date specified in the notice.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes of either series as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Repurchase Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered by the holders thereof pursuant to the Company s offer;

(2) deposit with the Paying Agent an amount equal to the aggregate repurchase price in respect of all Notes or portions of Notes properly tendered by the holders thereof; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted by the Company, together with an officers certificate stating the aggregate principal amount of Notes being repurchased.

The Paying Agent will promptly mail to each holder of Notes properly tendered the repurchase price for such Notes, and the Trustee, upon the Company s execution and delivery of the related Notes, will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note of the same series equal in principal amount to any unrepurchased portion of any Notes properly tendered.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer to be made by the Company and such third party purchases all Notes properly tendered and not withdrawn by the holders thereof under its offer.

The definition of Change of Control includes a phrase relating to the sale, lease, exchange or other transfer of all or substantially all of the assets of the Company and its Subsidiaries (as defined below), taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder with respect to either series of Notes to require the Company to repurchase the Notes of the applicable series as a result of a sale, lease, exchange or other transfer of less than all of the assets of the Company and its Subsidiaries, taken as a whole, to another person or group may be uncertain.

Below Investment Grade Rating Event means the rating on the applicable series of Notes is lowered by at least two of the three Rating Agencies (as defined below) and the applicable series of Notes is rated below an Investment Grade Rating (as defined below) by at least two of the three Rating Agencies on any day during the period (which period shall be extended so long as the rating of the applicable series of Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing 60 days prior to the first public notice of the earlier of the Company s intention to effect a Change of Control and the occurrence of a Change of Control and ending 60 days following consummation of such Change of Control.

Change of Control means (1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person or group (as used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of the Company s Voting Stock (as defined below), measured by voting power rather than number of shares, (2) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any person or group of related persons for the purpose of Section 13(d)(3) of the Exchange Act, together with any affiliates thereof, other than any such sale, lease, exchange or other transfer to one or more of the Company s Subsidiaries (whether or not otherwise in compliance with the provisions of the Indenture) or (3) the adoption of a plan relating to the liquidation, dissolution or winding up of the Company.

Notwithstanding the foregoing, a transaction effected to create a holding company for the Company will not be deemed to involve a Change of Control if (a) pursuant to such transaction the Company becomes a wholly owned subsidiary of such holding company and (b) the holders of the outstanding Voting Stock of such holding

company immediately following such transaction are the same as the holders of the Company s outstanding Voting Stock immediately prior to such transaction.

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

Fitch means Fitch Inc. and its successors.

Investment Grade Rating means a rating equal to or higher than Baa3 (or the equivalent under any successor rating categories) by Moody s (as defined below), BBB- (or the equivalent under any successor rating categories) by S&P (as defined below) and BBB- (or the equivalent under any successor rating categories) by Fitch and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by the Company.

Moody s means Moody s Investors Service Inc. and its successors.

Rating Agency means (1) each of Moody s, S&P and Fitch and (2) if any of Moody s, S&P or Fitch ceases to rate the applicable series of Notes or fails to make a rating of such series publicly available for reasons outside the control of the Company, a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act selected by the Company (as certified by a resolution of the Company s board of directors) to act as a replacement agency for Moody s, S&P or Fitch, or all of them, as the case may be.

S&P means Standard & Poor s Ratings Services and its successors.

Subsidiary means an entity a majority of the Voting Stock of which is owned by the Company and/or one or more other entities a majority of the Voting Stock of which is owned by the Company.

Voting Stock of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock or other ownership interests of such person that is at the time entitled to vote generally in the election of the board of directors (or members of a comparable governing body) of such person.

Forms

The Notes of each series will be issued in the form of one or more registered notes in global form, without interest coupons. Such global notes will be deposited on the issue date with DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the Trustee under the Indenture. Beneficial interests in the global notes may not be exchanged for certificated notes except in the circumstances described below. All interests in global notes may be subject to the procedures and requirements of DTC.

Exchanges of beneficial interests in one global security for interests in another global security will be subject to the applicable rules and procedures of DTC and its direct and indirect participants. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global security will, upon transfer, cease to be an interest in that global security and become an interest in the global security to which the beneficial interest is transferred and, accordingly, will thereafter be subject to all procedures applicable to beneficial interests in the global security to which the beneficial interest is transferred for as long as it remains an interest in that global security.

The descriptions of the operations and procedures of DTC set forth below are based on materials made available by DTC. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We do not take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters. The information set forth below has been obtained from sources that the Company

believes to be reliable, but neither the Company nor the underwriters take any responsibility for the accuracy of such information. Furthermore, neither the Company nor the underwriters will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, interests in any global notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised us that it is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for persons who have accounts with DTC (participants) and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, which eliminates the need for physical movement of certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a participant (indirect participants). Investors who are not participants may beneficially own Notes held by or on behalf of DTC only through participants or indirect participants. The rules applicable to DTC and its participants are on file with the SEC.

Upon the issuance of a global note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by the global note to the accounts of the persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the underwriters. Ownership of beneficial interests in the global note will be limited to participants or persons who hold interests through participants. Ownership of beneficial interests in the global note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants and indirect participants (with respect to interests of persons other than participants).

So long as DTC or its nominee is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Notes represented by such global note for all purposes under the Indenture and the Notes of the applicable series. Except as set forth herein, owners of beneficial interests in a global note will not be entitled to have Notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of Notes of the applicable series in definitive certificated form, and will not be considered holders of the Notes for any purposes under the Indenture.

Accordingly, each person owning a beneficial interest in a global note must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person directly or indirectly owns its interest, to exercise any rights of a holder under the Indenture. We understand that under existing industry practices, if we request any action of holders or any owner of a beneficial interest in a global note desires to give any notice or take any action that a holder is entitled to give or take under the Indenture, DTC would authorize the participants holding the relevant beneficial interests to give such notice or take such action, and such participants would authorize beneficial owners owning through such participants to give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payments of the principal of, premium, if any, and interest on a global note will be made to DTC or its nominee, as the case may be, as the registered owner. Neither we, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial

ownership interests in a global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest in respect of a global note will credit participants accounts with payments in amounts proportionate to their respective beneficial ownership interests in the principal amount of such global note, as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for such payments.

The Indenture will provide that, if the Depository notifies us that it is unwilling or unable to continue as depository for the global notes or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act and we do not appoint a successor depository within 90 days, or if there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Notes of the applicable series and a request for such exchange is made by DTC, then we will issue certificated notes in exchange for the global note. In addition, we may at any time and in our sole discretion determine not to have the Notes of any series represented by a global note and, in such event, will issue certificated notes in exchange for the global note. In any such instance, an owner of a beneficial interest in a global note will be entitled to physical delivery of certificated notes of the applicable series equal in principal amount to its beneficial interest and to have the certificated notes registered in its name. We expect that instructions for registering the certificated notes would be based upon directions received from the Depository with respect to ownership of the beneficial interests in a global note.

Although DTC has agreed to the procedures described above in order to facilitate transfers of interests in a global note among participants of DTC, it is under no obligation to perform such procedures and such procedures may be discontinued at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Amendment, supplement and waiver

Subject to certain exceptions, the Indenture and the Notes may be amended or supplemented with the consent of the holders of a majority in principal amount of all the then outstanding securities issued pursuant to the Indenture (including any additional securities of a series issued pursuant to the Indenture after the date of the issuance of the Notes offered hereby), voting as a single class; *provided* that (i) if any such amendment or supplement would by its terms disproportionately and adversely affect a series of securities issued under the Indenture, such amendment or supplement shall also require the consent of the holders of a majority in principal amount of the then outstanding securities of such series and (ii) if any such amendment or supplement would only affect the securities of some but not all series of securities issued under the Indenture, then only the consent of the holders of a majority in principal amount of the then outstanding securities of all such affected series of securities issued under the Indenture (and not the consent of a majority in principal amount of all the then outstanding securities issued under the Indenture) shall be required; and *provided*, *further*, that the Company and the Trustee may not, without the consent of the holder of each outstanding security of a series affected thereby:

(1) reduce the principal amount of the securities of such series whose holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of, or extend the time for payment of, interest on the securities of such series;

(3) reduce the principal of, or extend the fixed maturity of, the securities of such series;

(4) make the securities of such series payable in money other than that stated in such security; or

(5) impair the ability of holders of the securities of such series to institute suit to enforce the obligation of the Company to make any principal, premium or interest payment due in respect of such securities.

Any past default or compliance with any provisions of the Indenture or the securities issued thereunder may be waived with the consent of the holders of a majority in principal amount of all the then outstanding securities issued pursuant to the Indenture (including any additional securities of a series issued pursuant to the Indenture after the date of the issuance of the Notes offered hereby), voting as a single class; *provided* that (i) if any such waiver would by its terms disproportionately and adversely affect a series of securities under the Indenture, such waiver shall also require the consent of the holders of a majority in principal amount of the then outstanding securities of such series and (ii) if any such waiver would only affect some but not all series of securities issued under the Indenture, then only the consent of the holders of a majority in principal amount of the then outstanding securities of such affected series issued under the Indenture (and not the consent of a majority in principal amount of all the then outstanding securities issued under the Indenture) shall be required; and *provided*, *further*, that no waiver shall be effective without the consent of the holder of each outstanding security affected thereby in the case of a default in any payment of principal, premium, if any, or interest due in respect of any security or in respect of other provisions which under the Indenture cannot be modified or amended without the consent of the holder of each outstanding security affected.

Without notice to or the consent of any holder of Notes, the Company and the Trustee may amend or supplement the Indenture or the Notes to:

cure any ambiguity, omission, defect or inconsistency;

conform the text of the Indenture or the Notes to any provision of this Description of the notes to the extent that the Trustee has received an officers certificate stating that such text constitutes an unintended conflict with the description of the corresponding provision in this Description of the notes ;

provide for uncertificated Notes in addition to or in place of certificated Notes;

comply with the provisions of the Indenture concerning mergers, consolidations and transfers of all or substantially all of the assets of the Company;

appoint a trustee other than the Trustee (or any successor thereto) as trustee in respect of the Notes of either series;

provide for the issuance of additional securities of a series in accordance with the terms of the Indenture;

make any change that by its terms does not materially adversely affect the rights of any holder of the securities of a series (as determined in good faith by the Company);

add, change or eliminate provisions of the Indenture as shall be necessary or desirable in accordance with any amendment to the TIA; or

amend or supplement the Indenture and any supplemental indenture thereto in a manner that by its terms does not affect any series of securities issued under the Indenture, even if the amendment or supplement affects other securities issued under the Indenture.

Whenever the Company requests the Trustee to take any action under the Indenture, including a request to amend or supplement the Indenture, the Company is required to furnish the Trustee with an officers certificate and an opinion of counsel to the effect that all conditions precedent to the action have been complied with.

Covenants

The terms of the Notes of each series and the covenants contained in the Indenture do not afford holders of such Notes protection in the event of a highly leveraged or other similar transaction involving the Company that may adversely affect holders of such Notes. The Indenture will not limit the amount of additional unsecured indebtedness that the Company or any of its Subsidiaries may incur.

Limitations on liens

Subject to the following three sentences, the Company will not, and will not permit any Restricted Subsidiary (as defined below) to, as security for any Debt (as defined below), incur a Lien (as defined below) on any Restricted Property (as defined below), unless the Company or such Restricted Subsidiary secures or causes to be secured any outstanding Notes equally and ratably with all Debt secured by such Lien. The Lien may equally and ratably secure such Notes and any other obligations of the Company or its Subsidiaries that are not subordinated in right of payment to any outstanding Notes. The foregoing restriction will not apply to, among other things, Liens:

(1) existing on the date the Notes are first issued or existing at the time an entity becomes a Restricted Subsidiary;

(2) existing at the time of the acquisition of the Restricted Property or incurred to finance all or some of the purchase price or cost of construction; *provided* that the Lien may not extend to any other Restricted Property (other than, in the case of construction, unimproved real property) owned by the Company or any of its Restricted Subsidiaries at the time the property is acquired or the Lien is incurred; and *provided*, *further* that the Lien may not be incurred more than one year after the later of the acquisition, completion of construction or commencement of full operation of the property;

(3) securing Debt of the Company owed to a Restricted Subsidiary or securing Debt of a Restricted Subsidiary owed to the Company or another Restricted Subsidiary;

(4) existing at the time an entity merges into, consolidates with, or enters into a share exchange with the Company or a Restricted Subsidiary or a person transfers or leases all or substantially all its assets to the Company or a Restricted Subsidiary;

(5) in favor of a government or governmental entity that secures payment pursuant to a contract, subcontract, statute or regulation, secures Debt guaranteed by the government or governmental agency, secures Debt incurred to finance all or some of the purchase price or cost of construction of goods, products or facilities produced under contract or subcontract for the government or governmental entity, or secures Debt incurred to finance all or some of the purchase price or cost of construction of the property subject to the Lien; or

(6) extending, renewing or replacing in whole or in part a Lien (existing Lien) permitted by any of clauses (l) through (5); *provided* that such Lien may not extend beyond the property subject to the existing Lien and the Debt secured by the Lien may not exceed the amount of Debt secured at the time by the existing Lien unless the existing Lien or a predecessor Lien equally and ratably secures the outstanding Notes and the Debt.

In addition and notwithstanding the foregoing restrictions, the Company and any of its Restricted Subsidiaries may, without securing the Notes of either series, incur a Lien that otherwise would be subject to the foregoing restrictions; *provided* that after giving effect to such Lien the aggregate amount of all Debt secured by Liens that otherwise would be prohibited (for the avoidance of doubt, excluding Debt secured by a Lien permitted by

any of clauses (1) through (6) above) plus all Attributable Debt (as defined below) in respect of sale-leaseback transactions that otherwise would be prohibited by the covenant limiting sale-leaseback transactions described below at the time such Lien is incurred would not exceed 15% of Consolidated Net Tangible Assets (as defined below).

Limitations on sale-leaseback transactions

Subject to the following two sentences, the Company will not, and will not permit any Restricted Subsidiary to, sell or transfer a Principal Property (as defined below) and contemporaneously lease it back, except a lease for a period of three years or less. Notwithstanding the foregoing restriction, the Company or any Restricted Subsidiary may sell or transfer a Principal Property and contemporaneously lease it back for a longer period if:

(1) the lease is between the Company and a Restricted Subsidiary or between Restricted Subsidiaries;

(2) the Company or such Restricted Subsidiary would be entitled, pursuant to the provisions set forth above under the caption Limitations on liens, to create a Lien on the property to be leased securing Debt in an amount at least equal in amount to the Attributable Debt in respect of the sale-leaseback transaction without equally and ratably securing the outstanding Notes;

(3) the Company owns or acquires other property which will be made a Principal Property and is determined by the board of directors of the Company to have a fair value equal to or greater than the Attributable Debt incurred;

(4) within 270 days of the effective date of the lease, the Company makes Capital Expenditures (as defined below) with respect to a Principal Property in an amount at least equal to the amount of the Attributable Debt incurred; or

(5) the Company or a Restricted Subsidiary makes an optional prepayment in cash of its Debt or capital lease obligations at least equal in amount to the Attributable Debt for the lease, the prepayment is made within 270 days of the effective date of the lease, the Debt prepaid is not owned by the Company or a Restricted Subsidiary, the Debt prepaid is not subordinated in right of payment to any of the Notes, and the Debt prepaid was Long-Term Debt (as defined below) at the time it was created.

In addition and notwithstanding the foregoing restrictions, the Company and any of its Restricted Subsidiaries may, without securing the Notes of either series, enter into a sale- leaseback transaction that otherwise would be subject to the foregoing restrictions; *provided* that after giving effect to such sale-leaseback transaction the aggregate amount of all Debt secured by Liens that otherwise would be prohibited by the covenant limiting Liens described above plus (for the avoidance of doubt, excluding Debt secured by a Lien permitted by any of clauses (1) through (6) thereof) all Attributable Debt in respect of sale-leaseback transactions that otherwise would be prohibited above would not exceed 15% of Consolidated Net Tangible Assets.

Consolidation, merger, sale of assets

The Company shall not consolidate with or merge into, or transfer all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to, another entity unless:

(1) the resulting, surviving or transferee entity is organized under the laws of the United States, any state thereof or the District of Columbia and assumes by supplemental indenture all of the obligations of the Company under all of the Notes then outstanding and the Indenture;

(2) immediately after giving effect to the transaction no default or Event of Default shall have happened and be continuing; and

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(3) the Company shall have delivered to the Trustee an officers certificate and an opinion of counsel each stating that the consolidation, merger or transfer and the supplemental indenture comply with the Indenture.

If, upon any such consolidation, merger or transfer, a Restricted Property would become subject to an attaching Lien that secures Debt, then, before the consolidation, merger or transfer occurs, the Company by supplemental indenture shall secure the Notes of each series by a direct lien on such Restricted Property. The direct Lien shall have priority over all Liens on such Restricted Property except those already on it. The direct Lien may equally and ratably secure the Notes of each series and any other obligation of the Company or a Subsidiary. However, the Company need not comply with this provision if (i) upon the consolidation, merger or transfer, the attaching Lien will secure the Notes of each series equally and ratably with or prior to Debt secured by the attaching Lien or (ii) the Company or a Restricted Subsidiary could create a Lien on the Restricted Property to secure Debt at least equal in amount to that secured by the attaching Lien pursuant to the provisions described under Limitations on liens above.

When a successor entity assumes all of the obligations of the Company under the Notes of a particular series and the Indenture and the other conditions specified above are satisfied, the Company will be released from those obligations.

Definitions

For purposes of the covenants included in the Indenture, the following terms generally shall have the meanings provided below.

Attributable Debt for a lease means the carrying value of the capitalized rental obligation determined under generally accepted accounting principles whether or not such obligation is required to be shown on the balance sheet as a long-term liability. The carrying value may be reduced by the capitalized value of the rental obligations, calculated on the same basis, that any sublessee has for all or part of the same property. A lease obligation shall be counted only once even if the Company and one or more of its Subsidiaries may be responsible for the obligation.

Capital Expenditures means, for any period, any expenditures of the Company or its Subsidiaries during such period that, in conformity with U.S. generally accepted accounting principles consistently applied, are required to be included in fixed asset accounts as reflected in the consolidated balance sheet of the Company and its Subsidiaries.

Consolidated Net Tangible Assets means, as of any date of determination, total assets less:

(1) total current liabilities (excluding any Debt which, at the option of the borrower, is renewable or extendible to a term exceeding 12 months and which is included in current liabilities and further excluding any deferred income taxes which are included in current liabilities); and

(2) goodwill, patents and trademarks,

all as stated on the Company s most recent publicly available consolidated balance sheet preceding the date of determination.

Debt means any debt for borrowed money which would appear, in conformity with generally accepted accounting principles, on the balance sheet as a liability or any guarantee of such a debt and includes purchase money obligations. A Debt shall be counted only once even if the Company and one or more of its Subsidiaries may be responsible for the obligation.

Lien means any mortgage, pledge, security interest or lien.

Long-Term Debt means Debt that by its terms matures on a date more than 12 months after the date it was created or Debt that the obligor may extend or renew without the obligee s consent to a date more than 12 months after the Debt was created.

Principal Property means any mining and quarrying or manufacturing facility located in the United States and owned by the Company or by one or more Restricted Subsidiaries on the date the Notes are first issued and which has, as of the date the Lien is incurred, a net book value (after deduction of depreciation and other similar charges) greater than 3% of Consolidated Net Tangible Assets, except:

(1) any such facility or property which is financed by obligations of any State, political subdivision of any State or the District of Columbia under terms which permit the interest payable to the holders of the obligations to be excluded from gross income as a result of the plant, facility or property satisfying the conditions of Section 103(b)(4)(C), (D), (E), (F) or (H) or Section 103(b)(6) of the Internal Revenue Code of 1954 or Section 142(a) or Section 144(a) of the Internal Revenue Code of 1986, or of any successors to such provisions; or

(2) any such facility or property which, in the opinion of the board of directors of the Company, is not of material importance to the total business conducted by the Company and its Subsidiaries taken as a whole. However, the chief executive officer or chief financial officer of the Company may at any time declare any mining and quarrying or manufacturing facility or other property to be a Principal Property by delivering a certificate to that effect to the Trustee.

Restricted Property means any Principal Property, any Debt of a Restricted Subsidiary owned by the Company or a Restricted Subsidiary on the date the Notes are first issued or thereafter if secured by a Principal Property (including any property received upon a conversion or exchange of such debt), or any shares of stock of a Restricted Subsidiary owned by the Company or a Restricted Subsidiary (including any property or shares received upon a conversion, stock split or other distribution with respect to the ownership of such stock).

Restricted Subsidiary means a Subsidiary that has substantially all of its assets located in, or carries on substantially all of its business in, the United States and that owns a Principal Property. Notwithstanding the preceding sentence, a Subsidiary shall not be a Restricted Subsidiary during such period of time as it has shares of capital stock registered under the Exchange Act or it files reports and other information with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

Default and remedies

An Event of Default under the Indenture in respect of the Notes of a series is:

(1) default for 30 days in payment of any interest on the Notes of such series;

(2) default in payment of any principal of, or premium, if any, on the Notes of such series when due;

(3) failure by the Company for 90 days, after notice to it, to comply with any of its agreements in the Indenture or the Notes of such series (other than those referred to in clauses (1) and (2) above); and

(4) certain events of bankruptcy or insolvency applicable to the Company.

If an Event of Default in respect of the Notes of a particular series (other than as referred to in clause (4) above) occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes of such series may declare such Notes to be due and payable immediately. Under certain conditions, such acceleration may be rescinded by the holders of a majority in principal amount of such then outstanding Notes

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if such rescission would not conflict with any judgment or decree, except with respect to nonpayment of principal or premium (if any) or interest on the Notes. If an Event of Default referred to in clause (4) above occurs and is continuing, the principal of, and premium, if any, and interest on, all of the then outstanding Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or the holders of such Notes.

No holder of Notes of either series may pursue any remedy against the Company under the Indenture (other than with respect to the right to receive any payment of principal, premium, if any, or interest due in respect of the Notes of such series) unless such holder previously shall have given to the Trustee written notice of default and unless the holders of at least 25% in principal amount of such then outstanding Notes shall have made written request to the Trustee to pursue the remedy and shall have offered the Trustee indemnity satisfactory to it, the Trustee shall not have complied with the request within 60 days of receipt of the request and the offer of indemnity, and the Trustee shall not have received direction inconsistent with the request during such 60-day period from the holders of a majority in principal amount of such then outstanding Notes.

Holders of the Notes of a particular series may not enforce the Indenture or the Notes of such series except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes of such series unless it receives indemnity satisfactory to it from the Company or, under certain circumstances, the holders of such Notes seeking to direct the Trustee to take certain actions under the Indenture against any loss, liability or expense.

Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes of a particular series may direct the Trustee in its exercise of any trust or power under the Indenture in respect of the Notes of such series. The Indenture provides that the Trustee will give to the holders of the Notes of a particular series notice of all defaults known to it, within 90 days after the occurrence of any default with respect to the Notes of such series, unless the default shall have been cured or waived. The Trustee may withhold from holders of the Notes of a particular series notice of any continuing default (except a default in any payment of principal, premium, if any, or interest due in respect of the Notes of such series) if it determines in good faith that withholding such notice is in the interests of such holders. The Company is required annually to certify to the Trustee as to the compliance by the Company with certain covenants under the Indenture and the absence of a default thereunder, or as to any such default that existed.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Notes of either series or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, the holder of such Note waives and releases all such claims and liability. This waiver and release are part of the consideration for the issue of such Note.

Discharge, defeasance and covenant defeasance

Satisfaction and discharge

Upon the Company s direction, the Indenture shall cease to be of further effect with respect to the Notes of a particular series specified by the Company, subject to the survival of specified provisions of the Indenture, when:

(1) either

(A) all outstanding Notes of such series have been delivered to the Trustee for cancellation, subject to certain exceptions, or

(B) all Notes of such series have become due and payable or will become due and payable at their maturity within one year or are to be called for redemption within one year, and the Company has deposited with the Trustee, in trust, funds in U.S. dollars or U.S. government obligations (or a combination thereof) in an amount sufficient to pay the entire indebtedness on the Notes of such series, including the principal thereof and, premium, if any, and interest, if any, thereon, (x) to the date of such deposit, if the Notes of such series have become due and payable or (y) to the Stated Maturity Date of the Notes of such series (or to the Redemption Date thereof if the Company has made irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption), as the case may be;

(2) the Company has paid all other sums payable under the Indenture with respect to the Notes of such series (including amounts payable to the Trustee); and

(3) the Trustee has received an officers certificate and an opinion of counsel to the effect that all conditions precedent to the satisfaction and discharge of the Indenture in respect of the Notes of such series have been satisfied.

Defeasance and covenant defeasance

The Company may elect with respect to the Notes of a particular series either:

(1) to defease and discharge itself from any and all obligations with respect to the Notes of such series (full defeasance), except for, among other things:

(A) the obligations to register the transfer or exchange of those Notes;

(B) the obligation to replace temporary or mutilated, destroyed, lost, or stolen Notes;

(C) the obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, in respect of those Notes; and

(D) the obligation to hold moneys for payment in respect of those Notes in trust; or

(2) to be released from its obligations with respect to the Notes of such series under Covenants Limitations on liens and Limitations on sale-leaseback transactions, and any failure to comply with those obligations shall not constitute a default or an Event of Default with respect to those Notes (covenant defeasance);

in either case, upon the irrevocable deposit with the Trustee, or other qualifying Trustee, in trust for that purpose, of an amount in U.S. dollars or U.S. government obligations (or a combination thereof) which through the payment of principal and interest in accordance with their terms will provide money, in an amount sufficient to pay the principal of, and premium, if any, and interest on, those Notes, on the respective due dates for those payments, whether at maturity, upon redemption or repurchase or otherwise.

The full defeasance or covenant defeasance described above shall only be effective if, among other things:

(a) it shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture or the applicable series of Notes) to which the Company is a party or is bound;

(b) in the case of full defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that:

(1) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(2) since the issue date of that particular series of Notes under the Indenture, there has been a change in applicable U.S. federal income tax law,

in either case, to the effect that, and based on such ruling or change the opinion of counsel shall confirm that, the holders of the Notes of the applicable series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the full defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred;

(c) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee to the effect that the holders of the Notes of the applicable series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the covenant defeasance had not occurred;

(d) no Event of Default with respect to the Notes of the applicable series shall have occurred and be continuing on the date of the deposit into trust (other than an Event of Default resulting from the incurrence of Debt to be applied to such deposit or the grant of any Lien to secure such Debt); and, solely in the case of full defeasance, no Event of Default arising from specified events of bankruptcy, insolvency, or reorganization with respect to the Company or default which with notice or lapse of time or both would become such an Event of Default shall have occurred and be continuing during the period ending on the 91st day after the date of the deposit into trust; and

(e) the Company shall have delivered to the Trustee an officers certificate and legal opinion to the effect that all conditions precedent to the full defeasance or covenant defeasance, as the case may be, have been satisfied.

Notwithstanding the foregoing, the opinion of counsel required by clause (b) above with respect to a full defeasance need not to be delivered if all Notes not therefore delivered to the Trustee for cancellation (x) have become due and payable or (y) will become due and payable at stated maturity within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

In the event the Company effects covenant defeasance with respect to the Notes of either series and those Notes are declared due and payable because of the occurrence of any Event of Default other than an Event of Default with respect to the covenant as to which covenant defeasance has been effected, which covenant would no longer be applicable to those Notes after covenant defeasance, the amount of monies or U.S. government obligations deposited with the Trustee to effect covenant defeasance may not be sufficient to pay amounts due on those Notes at the time of any acceleration resulting from such Event of Default. However, the Company would remain liable to make payment of those amounts due at the time of acceleration.

Repayment of unclaimed funds

The Indenture provides that the Trustee and the Paying Agent shall promptly pay to the Company upon request any money held by them for the payment of principal of, or premium, if any, or interest on, the Notes of either series that remains unclaimed for two years. In the event the Trustee or the Paying Agent returns money to the Company following such two-year period, the holders of the Notes of such series thereafter shall be entitled to payment only from the Company, subject to all applicable escheat, abandoned property and similar laws.

Concerning the Trustee

Regions Bank is the Trustee, Paying Agent, Registrar and Calculation Agent under the Indenture. Regions Bank also performs other services for the Company in the normal course of business.

The Indenture provides that there may be more than one Trustee under the Indenture, each with respect to one series of Notes. If there are different Trustees for different series of Notes, each Trustee will be a Trustee separate and apart from any other Trustee under the Indenture. Any action permitted to be taken by a Trustee may be taken by such Trustee only with respect to the series of Notes for which it is the Trustee under the Indenture. Any Trustee under the Indenture may resign or be removed with respect to one or more series of Notes.

All payments of principal of, and premium, if any, and interest on, and all registration, transfer, exchange, authentication and delivery (including authentication and delivery on original issuance of the debt securities) of, the Notes of each series will be made in an office or agency maintained by the Company for that purpose in the United States, except as otherwise specified above under Principal and interest.

The Company shall be responsible for making all calculations and determinations called for under the Indenture, except in the case of the Calculation Agent s determination of three-month LIBOR. These calculations and determinations include, but are not limited to, accrued interest payable on the Notes, premium, if any, and the Make Whole Amount and Treasury Rate. The Company shall make all these calculations in good faith and, absent manifest error, the Company s calculations shall be final and binding on holders of Notes. Upon written request, the Company shall provide a schedule of its calculations to the Trustee. The Trustee is entitled to rely conclusively upon the accuracy of the Company s calculations without independent verification.

Governing law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

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Material U.S. federal income tax considerations

The following discussion is a summary of material U.S. federal income tax consequences of the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax effects. The summary does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effects.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder s particular circumstances, including the impact of the unearned income Medicare contribution tax, or to holders subject to special rules, such as certain financial institutions, United States expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. Holders (as defined below) whose functional currency is not the United States dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities and investors in such entities, persons liable for alternative minimum tax, U.S. Holders that hold notes through non-United States brokers or other non-United States intermediaries and persons holding the notes as part of a straddle, hedge, conversion transaction or other integrated transaction. In addition, this discussion is limited to persons who purchase the notes for cash at original issue and at their issue price (i.e., the first price at which a substantial amount of the notes is sold to the public for cash, excluding to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the notes as capital assets within the meaning of Section 1221 of the Code.

If any entity treated as a partnership for U.S. federal income tax purposes holds the notes, the U.S. tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the notes.

Prospective purchasers of the notes should consult their tax advisors concerning the tax consequences of holding notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, foreign or other tax laws.

Tax consequences to U.S. Holders

For purposes of this discussion, a U.S. Holder is a beneficial owner of a note that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States or of any political subdivision thereof; (iii) any estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

Payments of stated interest

Payments of stated interest on the notes generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder s regular method of accounting for U.S. federal income tax purposes.

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Sale, redemption or other taxable disposition of the notes

Upon the sale, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as discussed above to the extent not previously included in income by the U.S. Holder) and such U.S. Holder s adjusted tax basis in the note. A U.S. Holder s adjusted tax basis in a note will, in general, be the cost of such note to such U.S. Holder.

Gain or loss realized on the sale, redemption or other taxable disposition of a note will generally be capital gain or loss. Capital gains of non-corporate U.S. Holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Backup withholding and information reporting

- - - -

Conversion of accrued consulting fees to common stock
1,346,557 13,465 315,696 - - - 329,161
Conversion of debenture to common stock
7,428,050 74,280 1,642,489 (290,592) - - 1,426,177
Issuance of shares related to consulting agreements
300,000 3,000 54,000 - - 57,000
Stock payable related to note discount
- - - 30,000 - - 30,000 Net (loss) for the nine months ended January 31, 2013 - - - - (3,060,745) (12,804) (3,073,549)
Balance, January 31, 2013
55,988,313 559,882 19,345,783 30,000 (19,841,462) (303,045) (511,536)

See accompanying notes to financial statements.

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

	For the nine months ended January 31, 2013	2012	For the period from May 23, 2007(Inception) through January 31, 2013
Cash flows from operating activities			
Net (loss)	$(3,060,745)	$(3,496,095)	$ (19,841,462)
Non-controlling interest in net (loss)	(12,804)	(98,624)	(1,761,647)
Adjustments to reconcile net (loss) to net cash (used) provided by operating activities:			
Depreciation and amortization expense	3,743	3,614	22,758
Loss on sale of assets	-	3,651	15,003
Loss on investment	280,983	-	293,278
Loss due to late payment penalty	-	-	1,200,000
Common stock issued for services	57,000	-	417,248
Imputed interest	-	-	1,650
Amortization of debt discount	920,812	1,296,296	3,179,378
Amortization of issuance costs	17,500	10,000	(23,823)
Loss on conversion of debt	441,960	53,453	462,345
Impairment expense	-	932,454	2,762,454
Financing fee on issuance of warrants	-	240,734	240,734
Decrease (increase) in assets:			
Other assets	5,993	(7,500)	(7,500)
Employee receivable	-	(173,579)	(27,785)
Deposits	4,696	(4,696)	-
Increase (decrease) in liabilities:			
Accounts payable	280,888	(65,012)	607,919
Related party payable	14,924	(8,033)	143,196
Accrued expenses	609,292	396,894	1,592,169
Net cash (used) in operating activities	(435,758)	(916,443)	(10,724,085)
Cash flows from investing activities			
Proceeds from sale of Snider Ranch	-	-	1,130,602
Proceeds from sale of Carpenter Creek - held in escrow	-	135,000	-
Purchase of Hunza option	-	(932,454)	(7,062,454)
Purchase of fixed assets	(650)	(5,813)	(54,712)
Proceeds from sale of fixed assets	-	-	3,010
Net cash (used) in investing activities	(650)	(803,267)	(5,983,554)
Cash flows from financing activities			
Capital contributions from members	-	-	8,023,387
Acquisition of noncontrolling interest	-	-	(500,000)
Proceeds from debt, net of issuance costs	244,000	1,160,000	5,978,900

Proceeds from issuance of preferred stock	-	360,000	1,360,000
Proceeds from issuance of common stock	50,000	92,000	5,256,517
Payments on notes payable	(20,000)	-	(3,409,900)
Net cash provided by financing activities	274,000	1,612,000	16,708,904
Net increase (decrease) in cash	(162,408)	(107,710)	1,265
Cash - beginning	163,673	118,059	-
Cash - ending	$1,265	$10,349	$ 1,265

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

Supplemental disclosures:			
Interest paid	$-	$-	$483,723
Income taxes paid	$-	$-	$-
Non-cash investing and financing transactions:			
Note receivable issued as capital contributions	$-	$-	$523,231
Distribution of property, Snider Ranch	$-	$-	$(282,651)
Effect of reverse acquisition merger	$-	$-	$(70,832)
Conversion of minority interest into equity	$-	$-	$(22,839)
Additional ownership interest in subsidiary	$-	$-	$212,453
Issuance of contingent consideration from merger	$-	$-	$(15,000)
Stock issued for conversion of debt	$(985,440)	$-	$465,259
Stock issued for conversion of accrued compensation	$329,162	$-	$329,162
Stock issued for common stock payable	$518,289	$-	$518,289
Preferred stock beneficial conversion feature	$-	$-	$1,000,000
Common stock beneficial conversion feature	$17,879	$-	$627,488
Purchase of Hunza option	$-	$-	$3,000,000
Debt discount on issuance of warrants	$-	$314,216	$1,636,951
Debt discount for common stock payable	$30,000	$-	$30,000
Convertible debenture issued by agreement	$-	$-	$1,200,000

See accompanying notes to financial statements.

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Note 1 – Nature of Business and Significant Accounting Policies

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

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

Name of Entity	%		Form of Entity	State of Incorporation	Relationship
MMEX Mining Corporation ("MMEX")	-		Corporation	Nevada	Parent
MCC Merger, Inc. ("MCCM")	100	%	Corporation	Delaware	Holding Sub
Maple Carpenter Creek Holdings, Inc. ("MCCH")	100	%	Corporation	Delaware	Subsidiary
Maple Carpenter Creek, LLC ("MCC")	80	%	LLC	Nevada	Subsidiary
Carpenter Creek, LLC ("CC")	95	%	LLC	Delaware	Subsidiary
Armadillo Holdings Group Corp. ("AHGC")	100	%	Corporation	British Virgin Isl.	Subsidiary
Armadillo Mining Corp. ("AMC")	98.6	%	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.

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

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

The accounting policies followed by MMEX Mining Corporation are set forth in the Company's financial statements that are a part of its April 30, 2012, Form 10-K and should be read in conjunction with the financial statements for the three and nine months ended January 31, 2013, contained herein.

The financial information included herein as of January 31, 2013, and for the three and nine month periods ended January 31, 2013 and 2012, has been presented without an audit, pursuant to accounting principles for the interim financial information generally accepted in the United States of America and the rules of the Securities and Exchange Commission. The Company believes that the disclosures are adequate to make the information presented not

misleading. The information presented reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the period.

Organization

MMEX Mining Corporation (the Company or “MMEX”) was formed in the State of Nevada on May 19, 2005 as Inkie Entertainment Group, Inc., for the purpose of engaging in the production, distribution and marketing of filmed entertainment products. On January 15, 2008, the Company changed its name to Quantum Information, Inc. In January 2009, the Company announced that it would transition out of the filmed entertainment products business and into the coal business. As part of that transition, on January 14, 2009, the Company sold all of its assets in exchange for the surrender to the Company of 400,000 shares of the Company’s common stock, and the assumption of all of the Company’s liabilities. The Company also changed its name to MGMT Energy, Inc. on February 5, 2009 and to Management Energy, Inc. on May 28, 2009 to better reflect the Company’s business focus. On September 23, 2010, the Company, through a reverse merger, acquired 100% of the outstanding shares of Maple Carpenter Creek Holdings, Inc., (“MCCH”) a Delaware Corporation, organized on October 15, 2009 as a holding Company with an 80% interest in Maple Carpenter Creek, LLC (“MCC”), which in turn owns a 95% interest in the subsidiary, Carpenter Creek, LLC (“CC”), and a 100% interest in Armadillo Holdings Group Corp. (“AHGC”), which in turn owns a 98.6% interest in Armadillo Mining Corp. (“AMC”). On February 22, 2011, the Company amended its articles of incorporation to change the corporate name from Management Energy, Inc. to MMEX Mining Corporation.

Armadillo Group Holdings Corporation: 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. The agreement required an exclusivity fee of $1,400,000 that was completed on March 22, 2011, and $5,000,000 to be deposited to an exploration fund to continue the financing of an exploration and drilling program. On February 3, 2012 the parties to the Hunza Agreement executed and delivered an amendment thereto, which, among other things, provided that:

(a) in order to exercise the option to acquire 50% of Hunza, AMCC would be required to complete the payment of exclusivity fees on or before February 29, 2012, including issuing on February 3, 2012 a $1,200,000 debenture convertible into 4,000,000 Common Shares to Black Stone Investment S.A. Black Stone Investment S.A. converted the March 2012 Debenture into 4,000,000 Common Shares in two tranches: (i) 1,794,000 Common Shares were issued on March 8, 2012; and (ii) 2,206,000 Common Shares were issued on May 1, 2012.

(b) after exercise of the option, AMCC would be obligated to fund an additional $3,000,000 upon the earlier of May 1, 2013 and 90 calendar days after the delivery of a technical report in respect of the work program to be carried out on the Hunza Project (see “The Hunza Project - Recommendations”); and

(c) AMCC would pledge one half of its interest in Hunza to secure any payment default by AMCC, which default would result in a reduction of the AMCC’s interest to 25% of Hunza.

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

Exploration Stage Company
The Company is currently an exploration stage company. As an exploration stage enterprise, the Company discloses the deficit accumulated during the exploration stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date. The Company has incurred net losses of $19,841,462 and used net cash in operations of $10,724,085 for the period from inception (May 23, 2007) through January 31, 2013. An entity remains in the exploration stage until such time as proven or probable reserves have been established for its deposits. Upon the location of commercially mineable reserves, the Company plans to prepare for mineral extraction and enter the development stage. To date, the exploration stage of the Company’s operations consists of contracting with geologists who sample and assess the mining viability of the Company’s claims.

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

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment
Equipment is recorded at the lower of cost or estimated net recoverable amount, and is depreciated using the straight-line method over the estimated useful life of the related asset as follows:

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

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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
On January 1, 2011, the Company adopted guidance which defines fair value, establishes a framework for using fair value to measure financial assets and liabilities on a recurring basis, and expands disclosures about fair value measurements. Beginning on January 1, 2011, the Company also applied the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis, which includes goodwill and intangible assets. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuation is based upon unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable in the market.

Level 3 - Valuation is based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

The following table presents assets and liabilities that are measured and recognized at fair value as of January 31, 2013 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
	$ -	$ -	$ -	$ -

The following table presents assets and liabilities that are measured and recognized at fair value as of April 30, 2012 on a recurring and non-recurring basis:

Description	Level 1	Level 2	Level 3	Gains (Losses)
	$ -	$ -	$ -	$ -

The Company’s financial instruments consist of cash and cash equivalents, equity investments, accounts payable, accrued liabilities and long-term debt. The estimated fair value of cash, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. The carrying value of equity

investments and long-term debt also approximate their fair values since their terms are similar to those in the lending market for comparable loans with comparable risks. None of these instruments are held for trading purposes.

Advertising and promotion

All costs associated with advertising and promoting products are expensed as incurred. $3,620 and $0 were incurred for the nine months and three months ended January 31, 2013 and $1,880 and $805 were incurred for the nine months and three months ended January 31, 2012.

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.

Non-controlling interest
The Company accounts for non-controlling interest ("minority interest") in accordance with ASC 810-10-45-18 through 21 which allows revenues, expenses, gains and losses, net income, or loss, and other comprehensive income to be reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to the owners of the parent and the non-controlling interest. Net income or loss and comprehensive income or loss are attributed to the parent and the non-controlling interest. Losses attributable to the parent and the non-controlling interest in a subsidiary may exceed their interests in the subsidiary's equity. The excess, and any further losses attributable to the parent and the non-controlling interest, shall be attributed to those interests. That is, the non-controlling interest shall continue to be attributed its share of losses even if that attribution results in a deficit

non-controlling interest balance.

Recently issued accounting pronouncements

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2012-04, “Technical Corrections and Improvements” in Accounting Standards Update No. 2012-04. The amendments in this update cover a wide range of Topics in the Accounting Standards Codification. These amendments include technical corrections and improvements to the Accounting Standards Codification and conforming amendments related to fair value measurements. The amendments in this update will be effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 is not expected to have a material impact on our financial position or results of operations.

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In August 2012, the FASB issued ASU 2012-03, "Technical Amendments and Corrections to SEC Sections: Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin (SAB) No. 114, Technical Amendments Pursuant to SEC Release No. 33-9250, and Corrections Related to FASB Accounting Standards Update 2010-22 (SEC Update)" in Accounting Standards Update No. 2012-03. This update amends various SEC paragraphs pursuant to the issuance of SAB No. 114. The adoption of ASU 2012-03 is not expected to have a material impact on our financial position or results of operations.

In July 2012, the FASB issued ASU 2012-02, "Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment" in Accounting Standards Update No. 2012-02. This update amends ASU 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment and permits an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with Subtopic 350-30, Intangibles – Goodwill and Other - General Intangibles Other than Goodwill. The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The adoption of ASU 2012-02 is not expected to have a material impact on our financial position or results of operations.

In December 2011, FASB issued ASU No. 2011-11, "Balance Sheet – Disclosures about Offsetting Assets and Liabilities" (ASU 2011-11) to enhance disclosure requirements relating to the offsetting of assets and liabilities on an entity's balance sheet. The update requires enhanced disclosures regarding assets and liabilities that are presented net or gross in the statement of financial position when the right of offset exists, or that are subject to an enforceable master netting arrangement. The new disclosure requirements relating to this update are retrospective and effective for annual and interim periods beginning on or after January 1, 2013. The update only requires additional disclosures, as such, we do not expect that the adoption of this standard will have a material impact on our results of operations, cash flows or financial condition.

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles – Goodwill and Other" (ASU 2011-08). ASU 2011-08 allows a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the two-step impairment test would be performed. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, and early adoption is permitted.

In May 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. This update clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This update is effective on a prospective basis for annual and interim reporting periods beginning on or after December 15, 2011, which for the Company is January 1, 2012.

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 $19,841,462 and a working capital deficit of $7,085,758 at January 31, 2013, 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

Loans & Advances
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 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, AAM Investments, LLC, and Maple Resources Corporation contributed their interest in Snider Ranch to MCCH. The value of the contribution was $1,130,602.

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. On February 1, 2011, the advance was converted into a promissory note that carried a 25% interest rate, matured on January 27, 2012 and was convertible into the Company's common stock at the holders' option at $0.10 per common share. The promissory note plus interest of $32,250 was paid in full on March 23, 2011. In addition, the Company issued 32.250 warrants to purchase shares of the Company's common stock at the time of repayment of the note equal to one warrant shares for every dollar value of the principal and interest, at an exercise price of $1.00 per share on or before three years from the repayment or conversion date.

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 $1.00 per common share. The holder may accelerate repayment of the note upon sale of the Carpenter Creek prospect. In addition, the Company issued 562,500 warrants to purchase shares of the Company's common stock at the time of repayment of the note equal to one warrant shares for every dollar value of the principal and interest, at an exercise price of $1.00 per share on or before three years from the repayment or conversion date. 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. The promissory notes plus interest were paid in full on March 23, 2011.

On February 1, 2011, The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, converted $39,100 of advances into a promissory note that carried a 25% interest rate, matured on January 27, 2012 and was convertible into the Company's common stock at the holders'

option at $1.00 per common share. The promissory note plus interest of $48,875 was paid in full on March 23, 2011. In addition, the Company issued 48,875 warrants to purchase shares of the Company's common stock at the time of repayment of the note equal to one warrant shares for every dollar value of the principal and interest, at an exercise price of $1.00 per share on or before three years from the repayment or conversion date.

For the period from inception (May 23, 2007) through January 31, 2013, there has been contributions of capital from members of $7,696,652 and contributions of capital from shareholders of $343,139.

Employment, Directing & Consulting Agreements and Appointments

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 December 15, 2011 the agreement was amended to provide for a 3 year term from September 4, 2010, automatically renewable for one year terms thereafter, at an annual compensation of $360,000 per year.

On September 4, 2010, MCCH entered into a consulting agreement with Bruce N. Lemons, one of the Company's three directors, for a two year term, automatically renewable for one year terms thereafter, at an annual compensation of $170,000 per year. On December 15, 2011 the agreement was amended to provide for a 3 year term from September 4, 2010, automatically renewable for one year terms thereafter.

In connection with the closing of the merger with MCCH, our executive officers (David Walters, President and Matt Szot, Chief Financial Officer) and director (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.

Accrued Expenses
On September 15, 2012, Nabil Katabi (a related party), a Company director, per terms of his consulting agreement requested the conversion of $75,000 of consulting fees into shares of the Company stock. The 465,525 Common Shares were issued during the three month period ended January 31, 2013.

On October 30, 2012, the Corporation issued 300,000 Common Shares at a price of $0.19 to Delavega Trading Ltd. (a related party), a company for which Nabil Katabi, a Company director, has a controlling interest, pursuant to terms of a consulting agreement dated February 1, 2012.

On November 2, 2012, the Corporation issued 465,525 Common Shares at an average price of $0.16 to Delavega Trading Ltd. (a related party), a company for which Nabil Katabi a Company director has a controlling interest, pursuant to extinguishments of accrued consulting fees. As the shares were issued under the terms of the consulting agreement, no gain or loss was recorded as part of the transaction.

Notes Payable
On March 18, 2011, the Company issued a $290,000 notes payable to Montana Coal Royalty, LLC in exchange for the relinquishment of a royalty agreement upon the sale of Carpenter Creek. Montana Coal Royalty, LLC is owned equally by The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO and AAM Investments, LLC which is owned principally by a trust for Mr. Lemons' family, a director of the Company. On May 16, 2012, the Corporation issued 3,480,000 shares of the Company's common stock to Montana Coal Royalty, LLC (a related party) pursuant to conversion of $323,640 of a note and accrued interest. Montana Coal Royalty, LLC is owned equally by AAM Investments, LLC and The Maple Gas Corporation. The Maple Gas Corporation is controlled by Mr. Jack Hanks, the CEO and a director of the Corporation. As the conversion took place at below the market price on the date of conversion, a loss of $441,960 was recorded.

Convertible Debentures
On August 1, 2012, the Company entered into a $10,000 convertible note agreement with BNL Family Partners (a related party); Mr. Bruce N. Lemons, a director of the Company, is a partner of BNL Family Partners. The holder may accelerate repayment of the promissory note upon the Corporation raising additional capital of $150,000 and are convertible into Common Shares at the holder's option at $0.20 per common share. In addition, the Corporation issued 10,000 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until August 1, 2015 valued at $994 on the issuance date. On August 21, 2012 the note was repaid in full.

On August 1, 2012, the Company entered into a $13,000 convertible note agreement with Delavega Trading Ltd. (a related party), an entity controlled by Nabil Katabi, a director of the Company. The August 1, 2012 debentures carry a 20% interest rate until maturity at September 30, 2013 and are convertible into Common Shares at the holder's option at $0.20 per common share. The holders may accelerate repayment of the promissory notes upon the Corporation raising additional capital of $150,000. In addition, the Corporation issued 13,000 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until August 1, 2015 valued at $1,292 on the issuance date.

On September 15, 2012, the Company entered into a $4,500 convertible note agreement with BNL Family Partners, LLC. Mr. Bruce N. Lemons, a director of the Corporation, is a partner of BNL Family Partners. The debentures carry a 20% interest rate until maturity at September 30, 2013 and are convertible into common shares at the holder's option at $0.20 per common share. The holders may accelerate repayment of the promissory notes upon the Corporation raising additional capital of $150,000. In addition, the Corporation issued 4,500 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until September 15, 2015 valued at $800 on the issuance date.

On December 17, 2012, the Company entered into a $6,500 convertible note agreement with Delavega Trading Ltd. (a related party), an entity controlled by Nabil Katabi, a director of the Company. The December 17, 2012 debentures carry a 20% interest rate until maturity at December 17, 2013 and are convertible into Common Shares at the holder's option at $0.20 per common share. The holders may accelerate repayment of the promissory notes upon the Corporation raising additional capital of $150,000. In addition, the Corporation issued 6,500 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until December 17, 2015 valued at $549 on the issuance date.

On January 4, 2013, the Company entered into a $10,000 convertible note agreement with BNL Family Partners (a related party); Mr. Bruce N. Lemons, a director of the Company, is a partner of BNL Family Partners. The holder may accelerate repayment of the promissory note upon the Corporation raising additional capital of $150,000 and are convertible into Common Shares at the holder's option at $0.20 per common share. In addition, the Corporation issued 10,000 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until January 4, 2016. On January 10, 2013 the note was repaid in full.

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

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

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

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

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

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

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

On April 26, 2012, the Board of Directors determined that the remaining milestones and acceleration regarding the Merger Agreement had been reached and the Corporation issued the remaining 500,000 shares of merger consideration, equally to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, and the Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, Jack Hanks.

Common stock issued for Conversions of Debt
On May 1, 2012, the Company issued 131,250 shares of common stock to DelaVega Trading Ltd. (a related party), an entity controlled by one of the Company's Directors, Nabil Katabi, pursuant to conversion of a note and accrued interest of $43,750 at a price of $0.33 per share. Since the debt was converted at a lower price than under the terms of the note agreement, a loss on conversion of shares of $5,250 was reported during the fiscal year ended April 30, 2012.

On May 16, 2012, the Corporation issued 3,480,000 shares of the Company's common stock to Montana Coal Royalty, LLC (a related party) pursuant to conversion of $323,640 of a note and accrued interest. Montana Coal Royalty, LLC is owned equally by AAM Investments, LLC and The Maple Gas Corporation. The Maple Gas Corporation is controlled by Mr. Jack Hanks, the CEO and a director of the Corporation. As the conversion took place at below the market price on the date of conversion, a loss of $441,960 was recorded.

Common stock issued for Cash
On September 27, 2012, the Corporation issued 250,000 Common Shares at a price of $0.20 per share to Delavega Trading Ltd., (a related party) an entity controlled by one of the Company's Directors, Nabil Katabi, in exchange for an investment of $50,000. In addition, the Corporation issued 250,000 Warrants at an exercise price of $0.30 per Common Share until September 27, 2015 valued at $49,468 on the date of issuance.

Common stock issued for Services
On October 30, 2012, the Corporation issued 300,000 Common Shares at a price of $0.19 to Delavega Trading Ltd. (a related party), an entity controlled by one of the Company's Directors, Nabil Katabi pursuant to a consulting agreement dated February 2, 2012. As the shares were issued within the terms of the consulting agreement, no gain or loss was recognized upon payment.

On April 26, 2012, the Company granted 250,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a $2,500 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40. On April 26, 2012, 4,874 of these shares were issued, the remaining 245,126 shares were issued to DelaVega Trading Ltd. (a related party), an entity controlled by Nabil Katabi a company board member, on May 1, 2012.

On April 26, 2012, the Company issued 250,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a $2,500 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40. On April 26, 2012, 225,475 of these shares were issued, the remaining 24,525 shares were issued to DelaVega Trading Ltd. (a related party), an entity controlled by Nabil Katabi a company board member, on May 1, 2012.

Note 4 – Other Assets – Current

The current portion of Other Assets consists of the following:

	January 31, 2013	April 30, 2012
Deferred Costs on Bridge Financing	$ 20,000	$ 10,000
	$ 20,000	$ 10,000

Note 5 – Property and Equipment

Property and Equipment consists of the following:

	January 31, 2013	April 30, 2012
Software and hardware	$ 25,023	$ 24,373
Less accumulated depreciation and amortization	(11,081)	(7,339)
	$ 13,942	$ 17,034

Depreciation and amortization expense totaled $3,743 and $3,614 for the nine months ended January 31, 2013 and 2012, respectively, and $1,263 and $1,219 for the three months ended January 31, 2013 and 2012, respectively.

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

Note 6 – Investment in Property

On 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.

On January 20, 2011, AMC acquired an option to purchase a 50% interest in a permitted and operating mine company in Colombia, the Hunza lease, producing metallurgical coal, with a potential resource of 16 million tons to 90 million tons based on existing exploration resources reports. The agreement required an exclusivity fee of $1,400,000 that was completed on March 22, 2011, and $5,000,000 to be deposited to an exploration fund to continue the financing of an exploration and drilling program. On February 3, 2012 the Company executed and delivered an amendment to the Hunza option agreement which, among other items, provides that:

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

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

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

As a result of the acquisition of the 50% interest in Hunza, the board of directors and operating committee of Hunza consist of four members in total: two members from the Company; namely, Jack Hanks (CEO) and Nabil Katabi (Director). The other two members of the board of directors and operating committee are non-related party to MMEX and jointly own the other 50% interest in Hunza and are themselves, brothers, and therefore, related party to each other (the "Original Shareholders). The Original Shareholders have the right to, in the occurrence of a deadlock between themselves and the two board members from the Company, repurchase the 50% ownership from the Company at its fair value. The Company does not have primary control over the Original Shareholders or Hunza.

On March 8, 2012, the final exclusivity payment of $3,600,000 was made with an additional $700,000 payment to the exploration fund, for a total of $2,015,559 contributed to the exploration fund, the Hunza purchase was completed.

During the course of fiscal years ended April 30, 2012 and 2011, impairments of $932,343 and $1,830,000 were taken due to the fact that it was uncertain whether or not the Company would be able to purchase the option to own 50% of Hunza. During the fourth quarter of the fiscal year ended April 30, 2012, the Company did obtain the option with the final payment of $3,600,000 of cash and exercised it with the final payment of $700,000. In addition, the Company obtained a valuation report from an independent contractor, as well as a feasibility report, indicating that production and exploration of Hunza is probable and economical. The Company considered whether impairment of the payments made during the fourth quarter was necessary, but determined that based upon the information contained within the two reports received, that the investment bears value to the Company that exceeded the cash amounts paid during the fourth quarter, in addition to the future cash payment of $3,000,000 expected to be paid within the next twelve months.

The Company has capitalized the $3,600,000 exclusivity payment, $3,000,000 payable due, and the $700,000 exploration fund payments as investment in the property and will report income and loss from the investment by the equity method of accounting.

The following table reflects the income statements for the nine month ended January 31, 2013 and the four month period ended April 30, 2012, for the Hunza equity investment:

	January 31, 2013 (Unaudited)	April 30, 2012 (Unaudited)
Revenue	$ 7,574	$ -
Cost of goods sold	(25,851)	-
Gross Profit (loss)	$ (18,277)	$ -
Operating expenses	(631,488)	(279,137)
Operating income (loss)	$ (649,765)	$ (279,137)
Other income (expense)	42,842	(101)
Loss before taxes	$ (606,923)	$ (558,375)
Income tax benefit	44,957	20,670
Net loss for the period	$ (561,966)	$ (537,705)

The Company's proportionate share of losses totaled $280,983 and $0 for the nine months ended January 31, 2013 and 2012, respectively, and $69,310 and $0 for the three months ended January 31, 2013 and 2012, respectively, in relation to the acquired asset above.

The following table reflects the balance sheet for the period ended January 31, 2013 compared to the period ended April 30, 2012, for the Hunza equity investment:

	January 31, 2013 (Unaudited)	April 30, 2012 (Unaudited)
Assets		
Cash and Cash Equivalents	$ 1,058,768	$ 1,567,251
Loans and Advances	164,042	33,278
Tangible Assets	-	1,276
Property and Equipment	20,845	22,972
Intangible Assets	82,980	157,998
Deferred Charges	1,689	59,548
Total Assets	$ 1,328,324	$ 1,842,323
Liabilities and Shareholders' Equity		
Accounts Payable	$ 31,095	$ 45,380
Taxes Payable	5,665	4,779
Other Liabilities	74,479	75,744
Shareholders' Equity	1,217,085	1,716,420
Total Liabilities and Shareholders' Equity	$ 1,328,324	$ 1,842,323

Note 7 – Accrued Expenses

As of January 31, 2013 and April 30, 2012 accrued expenses included the following:

	January 31, 2013	April 30, 2012

Accrued Lease Expenses	$	62,541	$	62,541
Accrued Payroll, Officers		237,101		117,543
Accrued Payroll, Employees		30,842		-
Accrued Consulting		550,531		548,145
Accrued Dividend		185,685		110,685
Accrued Interest		163,891		143,963
	$	1,230,591	$	982,877

Note 8 – Long-term Debt

Long-term debt were as follows at:

	January 31, 2013	April 30, 2012
Issued by MMEX Mining Corporation:		
Dosdall Investment - 10%, due 12/31/10, currently in default	$50,000	$50,000
Blackstone Investment Corp. - 6%, due 3/1/17	-	558,181
William Gross (preferred shares convertible) - 10%, due 3/18/16	175,070	40,418
William Gross (common shares convertible) - 10%, due 7/31/13	1,413,464	1,064,633
William Gross - 20%, due 10/31/13	98,856	-
Herbert Villalonga (common shares convertible) - 22%, due 3/1/13	105,000	
Montana Coal Royalty - 10%, due 3/18/12, related party	-	290,000
BNL Family Partners, LLC (convertible)- 20%, due 10/30/13, related party	3,730	-
Delavega Trading Ltd (convertible)- 20%, due 9/30/13, related party	13,385	-
Delavega Trading Ltd (convertible)- 20%, due 12/17/13, related party	6,157	-
Issued by subsidiaries of the Company:		
AMC (preferred stock) - 10%, due 6/30/12	137,500	137,500
Hawn Financial - 25%, due 1/27/12, currently in default	25,000	25,000
Atlantic Coal PLC - 10%. On demand, currently in default	300,000	300,000
Total debt issued by the Company and subsidiaries	2,328,162	2,465,732
Less current maturities	(2,153,092)	(1,360,681)
Total long-term debt	$175,070	$1,105,051

Notes Payable-Third Party, currently in default
In November of 2009 the Company entered into a $300,000 note agreement which carried a 10% interest rate due on July 15, 2010. Accrued interest of $115,486 and $92,986 was outstanding at January 31, 2013 and April 30, 2012, respectively. This note is currently in default.

Notes Payable-Related Party
On March 18, 2011, the Company issued a $290,000 related party promissory note due and payable on March 18, 2012. The note carried a 10% interest rate. On May 16, 2012, the Corporation issued 3,480,000 shares of the Company’s common stock to Montana Coal Royalty, LLC pursuant to conversion of $323,640 of the note and accrued interest; the fair value of these shares ($0.22 per share) on May 16, 2012, was $765,600, which when compared to the obligations fulfilled of $323,640, resulted in a loss on conversion of $441,960 as the note and interest were converted outside of the terms of the agreement. Montana Coal Royalty, LLC is owned equally by AAM Investments, LLC and The Maple Gas Corporation. The Maple Gas Corporation is controlled by Mr. Jack Hanks, the CEO and a director of the Corporation.

Convertible Notes-Third Party, currently in default
On March 8, 2010, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $50,000 convertible note in a private placement transaction. In the transaction, the Company received proceeds of $35,000 and the investor also paid $15,000 of consulting expense on behalf of the Company. The convertible note was due and payable on December 31, 2010 with an interest rate of 10% per annum. The note is convertible at the option of the holder into our common stock at a fixed conversion price of $3.70, subject to adjustment for stock splits and combinations. Accrued interest of $14,485 and $10,735 was outstanding at January 31, 2013 and April 30, 2012 respectively. As of January 31, 2013 this note is in default.

On January 28, 2011 and February 1, 2011, the Company closed a Convertible Note Agreement totaling $514,900 in principal amount of 25% Convertible Note (the "Notes") due on the first anniversary of the date of the Note, to a group of institutional and high net worth investors. The Notes are convertible into the Company's common stock at the holders' option at $1.00 per common share. The holder may accelerate repayment of the Note upon sale of the Carpenter Creek prospect. In addition, the Company issued 643,625 warrants to purchase shares of the Company's common stock at an exercise price of $1.00 per share on or before three years from the repayment or conversion date. All but $25,000 of the promissory notes plus interest were paid in full on March 23, 2011. As of January 31, 2013 the remaining $25,000 was in default. Accrued interest of $12,513 and $7,825 was outstanding at January 31, 2013 and April 30, 2012 respectively.

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

Convertible Notes-Third Party

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

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $19,817 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $14,049 was recorded as amortization of the debt discount into interest expense. The Company recorded the intrinsic value of the beneficial conversion of $80,183 as debt discount and will amortize the discount over the original one year term of the Note.

On April 25, 2012, the holder of the above note elected to convert their note and accrued interest into 625,000 common shares under the same terms as provided to investors in the March 2, 2012 private placement. In addition, the Company issued 625,000 warrants to purchase shares of the Company's common stock at an exercise price of $0.30 per share on or before three years from the issuance date. Since the debt was converted at a higher price than under the terms of the note agreement, a gain on conversion of shares of $250,000 was reported. The Company allocated the proceeds from the issuance of the shares to the warrants and the shares on their fair market values at the date of conversion using the Black-Scholes model. The value assigned to the warrants of $148,215 was recorded as a reduction in the gain realized on the conversion of the shares and an increase in additional paid-in capital. In addition, the beneficial conversion feature of $80,183 was fully expensed on April 25, 2012 due to the conversion of the note into common shares.

On March 1, 2012, the Company issued a $1,200,000 convertible debenture as part of an amendment to its acquisition of the Hunza mine. The note is due and payable on March 1, 2017 and carries a 6% interest rate. The note is convertible at the option of the holder into our common stock at a fixed conversion price of $0.30. On March 8, 2012 $538,200 of the note was converted into 1,794,000 of the Company's common stock. On May 1, 2012, the remaining $661,800 balance of the $1,200,000 convertible note was converted into 2,206,000 shares of the Company's common stock. No gain or loss was recognized on the conversions as they were within the terms of the convertible debenture.

The Company recorded the intrinsic value of the beneficial conversion of $200,000 as debt discount and was to be amortized over the life of the convertible debenture or as conversions occurred. As a result of the conversion of part of the convertible debenture, $89,700 of the beneficial conversion debt discount was recognized as expense on March 8, 2012, with the remaining $103,619 being expensed on May 1, 2012 when the remaining debt was converted.

On January 2, 2013, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $120,000 note in a private placement transaction. The note is due and payable on March 1, 2013, carries a 1.87% per month interest rate due and payable on March 1, 2013 and included 300,000 shares of the Company's common stock. If the note is not paid by March 1, 2013, the interest rate is increased by an additional 30% annually. The note is secured with 900,000 of the Company's common stock which were pledged and owned by Jack Hanks, the Company's President and CEO. The 300,000 shares were valued at $0.10 per share, the closing price of the Company stock on January 2, 2013, and recorded as a $30,000 increase to discount on notes payable and an increase in common stock payable. The discount will be amortized over the term of the note.

Convertible Debentures – Third Party - PPM Notes

On April 25, 2011 and May 7, 2011, the Company closed a note purchase agreement with various investors pursuant to which the Company sold an aggregate of $680,000 notes in a private placement transaction (PPM Notes). The PPM Notes are due and payable on or before October 14, 2011 and carry a 25% interest rate due in full at issuance. The computed interest of $170,000 was added to the balance of the PPM Notes and recorded as debt discount which will be taken as interest expense over the life of the notes. The PPM Notes are convertible upon default at the option of the holder into our common stock at a fixed conversion price of $0.40, subject to adjustment for stock splits and combinations. In addition, the Company issued 1,062,500 warrants to purchase shares of the Company's common stock at an exercise price of $0.80 per share on or before three years from the issuance date.

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The Company allocated the proceeds from the issuance of the PPM Notes to the warrants and the notes based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $680,000 was recorded as an increase in additional paid-in capital and was limited to the note balance. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original six-month term of the notes as additional interest expense.

On October 14, 2011, $106,250 of the PPM Notes plus interest was converted into common stock. As consideration for the extension of the balance of the remaining notes, the Company issued 989,188 warrants to purchase shares of the Company's common stock at an exercise price of $0.20 per share on or before April 25, 2014. The warrants were valued at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $195,646 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a financing fee being recorded for the same amount.

On February 17, 2012, $43,750 of the PPM Notes plus interest was converted into common stock within the terms of the agreement; therefore, no gain or loss was recorded as result of this conversion.

On April 24, 2012, $325,000 of the PPM Notes plus interest was converted into common stock. Loss on conversion of the debentures of $46,842 was recorded.

On April 25, 2012, the remaining $375,000 of principal and interest of the PPM Notes was consolidated with various other notes held by the same investor and reissued as a new note. See PPM Note #2 below. The debt discounts associated with the interest were fully amortized on that date.

Convertible Debentures – Third Party – PPM Note #2

On September 9, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $300,000 note in a private placement transaction. The note is due and payable on September 19, 2012, carries a 25% interest rate due in full at issuance. The computed interest of $75,000 was added to the balance of the note and recorded as additional debt discount. The note is secured with 1,000,000 of the Company's common stock. In addition, the Company issued 375,000 warrants to purchase shares of the Company's common stock at an exercise price of $0.16 per share on or before three years from the issuance date.

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

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

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

On December 8, 2011, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $100,000 note in a private placement transaction. The Company is required to redeem the note on that date which is the earlier of: (i) the closing of any Company equity financing in excess of $2,250,000 or (ii) December 8, 2012 at a payment equal to $125,000. The Company at its option may elect to redeem the note at such payment amount on any earlier date. In addition to redemption of the note, the Company agreed to redeem an additional amount of debt owed to the investor in the amount of $100,000 in principal and $25,000 in fees out of additional funding from any financing. Such funding shall be applied to the $500,000 note dated October 28, 2011 issued by the Company to the investor. The note is secured with 330,000 shares of the Company's common stock. In addition, the Company issued 125,000 warrants to purchase shares of the Company’s common stock at an exercise price of $0.20 per share on or before three years from the issuance date.

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

On April 25, 2012, the notes dated September 9, 2011, October 28, 2011 and December 8, 2011 and $375,000 from the April 25, 2011 PPM Notes offering were consolidated into a new $1,500,000 note (PPM Note #2). The PPM Note #2 is due and payable on October 31, 2013, carries an additional 10% interest rate due in full at maturity. The computed interest of $150,000 was added to the balance of the note and recorded as additional debt discount. The note is convertible at the option of the holder into our common stock at a fixed conversion price of $0.20, subject to adjustment for stock splits and combinations. The note is secured with 2,995,000 of the Company's common stock.

The Company recorded the intrinsic value of the beneficial conversion of $330,000 as debt discount and will amortize the discount over the original fifteen month term of the Note. During the nine months ended January 31, 2013, $163,096 was recorded as amortization of the debt discount into interest expense.

On August 15, 2012, the Corporation entered into a $100,000 convertible note agreement with an unrelated party. The debenture is subject to a 20% placement fee payable to the holder irrespective of the date redeemed, matures on October 31, 2013 and is convertible into common shares at the holder’s option at $0.20 per Common Share. Pursuant to the agreement, the Corporation also (i) amended the conversion rate of the March 2011 Series A Preferred Stock (“Preferred Stock”) from $0.40 to $0.20 per Common Share, (ii) amended the maturity date of the April 2012 Debenture from July 31, 2013 to October 31, 2013, (iii) amended the exercise price of the Warrant agreement of April 2011 to purchase 468,750 Common Shares from $0.80 to $0.20, and (iv) issued 120,000 Warrants, to the holder of the August 15, 2012 Debenture, with an exercise price of $0.30 per Common Share until August 15, 2015 valued at $14,232. The computed interest of $20,000 was added to the balance of the note and recorded as additional debt discount.

As a result of the August 15, 2012 amendment of the Preferred Stock exercise price, $300,000 of additional paid in capital was recognized as an additional interest expense in conjunction with the proceeds received from the note agreement. As a result of the August 25, 2012 amendment to the exercise price of the warrant agreement, $2,694 of additional paid in capital was recognized as an additional interest expense in conjunction with the proceeds received from the note agreement.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $14,232 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $5,442 was recorded as amortization of the debt discount into interest expense.

Convertible Notes-Related Party

On August 1, 2012, the Corporation entered into a $10,000 convertible note agreement with BNL Family Partners, Mr. Bruce N. Lemons, a director of the Corporation, is a partner of BNL Family Partners, The debentures are convertible into common shares at the holder’s option at $0.20 per common share. The holders may accelerate repayment of the promissory notes upon the Corporation raising additional capital of $150,000. In addition, the Corporation issued 10,000 warrants at an exercise price of $0.30 per common share until August 1, 2015 valued at $994. On August 21, 2012, the Corporation repaid the $10,000 debenture.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $994 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $428 was recorded as amortization of the debt discount into interest expense.

On August 1, 2012, the Company entered into a $13,000 convertible note agreement with Delavega Trading Ltd., Mr. Nabil Katabi, a director of the Corporation, is a control person of Delavega Trading Ltd. The debenture carries a 20% interest rate until maturity at September 30, 2013 and is convertible into common shares at the holder’s option at $0.20 per common share. The computed interest of $2,600 was added to the balance of the note and recorded as additional debt discount. During the nine months ended January 31, 2013, $1,120 was recorded as amortization of the debt discount into interest expense. In addition, the Corporation issued 13,000 Warrants at an exercise price of $0.30 per Common Share until August 1, 2015 valued at $1,292.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $1,292 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $557 was recorded as amortization of the debt discount into interest expense.

On September 15, 2012, the Corporation entered into a $4,500 convertible note agreement with BNL Family Partners, LLC. Mr. Bruce N. Lemons, a director of the Corporation, is a partner of BNL Family Partners. The debentures carry a 20% interest rate until maturity at September 30, 2013 and are convertible into common shares at the holder's option at $0.20 per common share. The holders may accelerate repayment of the promissory notes upon the Corporation raising additional capital of $150,000. The computed interest of $900 was added to the balance of the note and recorded as additional debt discount. During the nine months ended January 31, 2013, $327 was recorded as amortization of the debt discount into interest expense. In addition, the Corporation issued 4,500 Warrants at an exercise price of $0.30 per Common Share until September 15, 2015 valued at $800.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $800 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $269 was recorded as amortization of the debt discount into interest expense.

On December 17, 2012, the Company entered into a $6,500 convertible note agreement with Delavega Trading Ltd., Mr. Nabil Katabi, a director of the Corporation, is a control person of Delavega Trading Ltd. The debenture carries a 20% interest rate until maturity at December 17, 2013 and is convertible into common shares at the holder's option at $0.20 per common share. The computed interest of $1,300 was added to the balance of the note and recorded as additional debt discount. During the nine months ended January 31, 2012, $160 was recorded as amortization of the debt discount into interest expense. In addition, the Corporation issued 6,500 Warrants at an exercise price of $0.30 per Common Share until December 17, 2015 valued at $549.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $549 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the Note as additional interest expense. During the nine months ended January 31, 2013, $71 was recorded as amortization of the debt discount into interest expense.

On January 4, 2013, the Company entered into a $10,000 convertible note agreement with BNL Family Partners (a related party); Mr. Bruce N. Lemons, a director of the Company, is a partner of BNL Family Partners. The holder may accelerate repayment of the promissory note upon the Corporation raising additional capital of $150,000 and are convertible into Common Shares at the holder's option at $0.20 per Common Share. In addition, the Corporation issued 10,000 warrants to purchase Common Shares at an exercise price of $0.30 per Common Share until January 4, 2016 On January 10, 2013 the note was repaid in full.

The Company allocated the proceeds from the issuance of the note to the warrants and the note based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $780 was recorded as an increase in additional paid-in capital. The assignment of a value to the warrants resulted in a loan discount being recorded for the same amount. The discount will be amortized over the original one year term of the

Note as additional interest expense. During the nine months ended January 31, 2013, $376 was recorded as amortization of the debt discount into interest expense.

Convertible Preferred Stock-Third Party

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

The Company recorded the intrinsic value of the beneficial conversion of $1,000,000 as debt discount and will amortize the discount through the mandatory redemption feature date of March 1, 2016. During the nine months ended January 31, 2013 and 2012, $134,652 and $16,764 respectively, was recorded as amortization of the debt discount into interest expense. The investment is collateralized with a security interest in 2,500,000 MMEX Mining Corporation common stock shares.

Loan costs of $50,000 incurred on the issuance of the Preferred Stock were recorded as deferred loan costs and will be amortized by the effective interest method. The Company recorded amortization on loan costs in the amount of $7,500 for both nine month periods ended January 31, 2013 and 2012, respectively and $2,500 for both three month periods ended January 31, 2013 and 2012, respectively. Unpaid dividends payable were $185,685 at January 31, 2013 on the Preferred Stock.

On August 15, 2012, the company amended the Preferred Stock agreement and lowered the conversion rate provided from $0.40 per common share to $0.20 per common share. The amendment generated a $302,694 fair value adjustment that was recorded as additional interest and increased additional paid in capital.

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

On January 6, 2012, three unrelated parties converted their Preferred Stock and accrued dividends of $312,500 into 2,983,293 shares of MMEX Mining Corporation common stock at a price of $.10475 per share. As the conversion took place at below the market price and not within the terms of the agreement on the date of conversion; thus, a loss of $75,328 was recorded.

The Company recorded total interest expense, which includes amortization of debt discounts on convertible debt from above, on debt in the amount of $931,897 and $1,433,471 for the nine months ended January 31, 2013 and 2012, respectively and $168,264 and $264,462 for the three months ended January 31, 2013 and 2012, respectively.

Note 9 – Changes in Stockholders' Equity (Deficit)

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

The Company is authorized to issue up to 200,000,000 shares of its $0.001 par value common stock. There were 55,988,313 shares issued and outstanding at January 31, 2013.

For the period from inception (May 23, 2007) through January 31, 2013, there has been contributions of capital from members of $7,696,652 and contributions of capital from shareholders of $343,139.

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

subscription payable resulting in a $15,000 adjustment to additional paid in capital.

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

On October 8, 2010 the Company issued 2,500,000 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.

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

On January 12, 2011 the Company issued 750,000 shares of common stock 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 750,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the termination and rescission of the 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.

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

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

On April 26, 2012, the Company granted 250,000 shares of common stock to The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a $2,500 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40. On April 26, 2012, 4,874 of these shares were issued, the remaining 245,126 shares were issued to DelaVega Trading Ltd. (a related party), an entity controlled by Nabil Katabi a company board member, on May 1, 2012.

On April 26, 2012, the Company issued 250,000 shares of common stock to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, pursuant to the vesting of contingent consideration which was connected to the original issuance of Company common stock in connection with the acquisition of MCCH. The shares were valued at par value, resulting in a $2,500 adjustment to common stock payable in accordance with the accounting for reverse acquisition under ASC 805-10-40. On April 26, 2012, 225,475 of these shares were issued, the remaining 24,525 shares were issued to DelaVega Trading Ltd. (a related party), an entity controlled by Nabil Katabi a company board member, on May 1, 2012.

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

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

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

On March 2, 2012, the Company completed a private placement of units to South American investors (the "March 2012 Private Placement"). Each unit consisted of one Common Share and one Common Share purchase warrant and was issued at $0.20 per unit. The Corporation received gross proceeds of $5,509,288. Of the total 27,546,438 common shares due associated with the private placement, the Company was only able to issue 26,421,438 by April 30, 2012; the remaining 1,125,000 common shares were issued after an increased was approved to the Company's authorized share count. In conjunction with the private placement, an unrelated party received 300,000 common shares at a price of $0.20 as compensation for services. Each warrant entitles the holder to acquire one common share at a price of $0.30 per Common Share for a period of three years.

The Company computed the proceeds from the issuance of the common shares to the warrants and the shares based on their fair market values at the date of issuance using the Black-Scholes model. The value assigned to the warrants of $9,546,249 is provided for footnote purposes only.

On May 1, 2012, the Corporation issued 500,000 shares of the Company's common stock at $0.20 per share to an unrelated party pursuant to the terms provided in the March 2, 2012 private placement. These shares had already been paid for by the unrelated party and were represented by a common stock payable as of April 30, 2012. The subsequent issuance of common shares during May 2012 resulted in a decrease to the common stock payable and an increase to common stock and additional paid in capital.

On May 16, 2012, the Corporation issued 375,000 shares of the Company's common stock at $0.20 per share to an unrelated party pursuant to the terms provided in the March 2, 2012 private placement. These shares had already been paid for by the unrelated party and were represented by a common stock payable as of April 30, 2012. The subsequent issuance of common shares during May 2012 resulted in a decrease to the common stock payable and an increase to common stock.

On June 15, 2012, the Corporation issued 250,000 shares of the Company's common stock at $0.20 per share to an unrelated party pursuant to the terms of the March 2, 2012 private placement. These shares had already been paid for with cash by the unrelated party and were represented by a common stock payable as of April 30, 2012. The subsequent issuance of common shares during May 2012 resulted in a decrease to the common stock payable and an increase to common stock.

On September 27, 2012, the Corporation issued 250,000 Common Shares at a price of $0.20 per share to Delavega Trading Ltd.(a related party), a company for which Nabil Katabi a Company director has a controlling interest, in exchange for an investment of $50,000. In addition, the Corporation issued 250,000 Warrants at an exercise price of $0.30 per Common Share until September 27, 2015 valued at $49,468 as the issuance date.

Common Stock issued for Debt Conversion
On October 19, 2011, an unrelated party converted their promissory note and accrued interest of $62,500 into 156,250 shares of MMEX Mining Corporation common stock at a price of $0.40 per share. As the value of the stock at the closing price on that date was equal to the value of the debt extinguished, no gain or loss was recognized.

On January 6, 2012, three unrelated parties converted their promissory notes and accrued interest of $312,500 into 2,983,293 shares of MMEX Mining Corporation common stock at a price of $0.10 per share. As the conversion took place at below the market price on the date of conversion, a loss of $75,328 was recorded.

On February 17, 2012, 109,375 shares of MMEX Mining Corporation common stock at a price of $0.40 per share were issued as a result of a conversion of $43,750 of debt and interest which had been requested on October 19, 2012 in accordance with the terms of the debt agreement; therefore, no gain or loss was recognized.

On March 8, 2012, $538,200 of the $1,200,000 convertible note issued in conjunction with the Hunza amendment was converted into 1,794,000 shares of the Company's common stock at a price of $.30 per share. No gain or loss was recognized on this conversion as the note was converted within the terms of the agreement.

On May 1, 2012, the Company issued 131,250 shares of common stock to DelaVega Trading Ltd., an entity controlled by one of the Company's Directors, Nabil Katabi, pursuant to conversion of a note and accrued interest of $43,750 at a price of $0.33 per share. Since the debt was converted at a lower price than under the terms of the note agreement, a loss on conversion of shares of $5,250 was reported during the fiscal year ended April 30, 2012.

On May 1, 2012, the Corporation issued 625,000 shares of the Company's common stock at a price of $0.20 per share upon the conversion of $125,000 convertible debenture. Since the debt was converted at a higher price than under the terms of the note agreement, a gain on conversion of shares of $250,000 was reported during the fiscal year ended April 30, 2012. The Company allocated the proceeds from the issuance of the shares to the warrants and the shares on

their fair market values at the date of conversion (April 25, 2012) using the Black-Scholes model. The value assigned to the warrants of $148,215 was recorded as a reduction in the gain realized on the conversion of the shares and an increase in additional paid-in capital. In addition, the beneficial conversion feature of $80,183 was fully expensed on April 25, 2012 due to the conversion of the note into common shares. The subsequent issuance of common shares during May 2012 resulted in a decrease to the common stock payable and an increase to common stock.

On May 1, 2012, the remaining $661,800 of the $1,200,000 convertible note issued in conjunction with the Hunza amendment was converted into 2,206,000 shares of the Company's common stock at a price of $0.30 per share. No gain or loss was recognized on this conversion as the note was converted within the terms of the agreement.

On May 16, 2012, the Corporation issued 3,480,000 shares of the Company's common stock at $0.10 per share to Montana Coal Royalty, LLC pursuant to conversion of $323,640 of a note and interest. Montana Coal Royalty, LLC is owned equally by AAM Investments, LLC and The Maple Gas Corporation. The Maple Gas Corporation is controlled by Mr. Jack Hanks, the CEO and a director of the Corporation. As the conversion took place at below the market price on the date of conversion, a loss of $441,960 was recorded.

On May 16, 2012, the Corporation issued 385,800 shares of the Company's common stock at $0.33 per share to an unrelated party, in exchange for conversion of a total of $125,000 notes and interest. Since the debt was converted at a lower price than under the terms of the note agreement, a loss on conversion of shares of $17,592 was reported during the fiscal year ended April 30, 2012.

On May 16, 2012, the Corporation issued 600,000 shares of the Company's common stock at $0.33 per share to an unrelated party, in exchange for conversion of a total of $200,000 notes and interest. Since the debt was converted at a lower price than under the terms of the note agreement, a loss on conversion of shares of $24,000 was reported during the fiscal year ended April 30, 2012.

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

On February 17, 2012 the Company granted 546,087 shares of restricted common stock to a consultant for consulting services provided. The total fair value of the common stock was $103,757 based on the closing price of the Company's common stock on the date of grant.

On October 30, 2012, the Corporation issued 300,000 Common Shares at a price of $0.19 to Delavega Trading Ltd. (a related party), a company for which Nabil Katabi a Company director has a controlling interest, pursuant to terms of a consulting agreement dated February 2, 2012.

Common Stock issued for Conversion of Accrued Consulting Fees
On June 5, 2012, the Corporation issued a total of 881,032 shares of the Company's common stock, 144,932 at $0.23 per share and 736,100 at $0.30 per share, to an unrelated party pursuant to a consulting agreement which was already part of third party accrued compensation. This amount had been expensed in the fiscal year ended April 30, 2012. As the accrued compensation was converted in accordance with the signed written agreement, no gain or loss was recognized, as this was a non-cash transaction.

On November 2, 2012, the Corporation issued 465,525 Common Shares at an average price of $0.16 to Delavega Trading Ltd., a company for which Nabil Katabi a Company director has a controlling interest, pursuant to extinguishments of accrued consulting fees. As the accrued compensation was converted in accordance with the signed written agreement; therefore, no gain or loss was recognized.

Common stock reserved
At January 31, 2013, 49,604,983 shares of common stock were reserved 16,485,639 for debt conversion purposes and 33,119,344 for issuance of warrants outstanding.

Common stock payable
On January 2, 2013, 300,000 Common Shares are to be issued as additional consideration for the $120,000 convertible note issued to an unrelated investor. The share consideration was recorded as a $30,000 discount on the note payable and an increase to common stock payable based upon the fair value of the shares on the date the note was issued.

Preferred Stock

On March 18, 2011 the Board of Directors authorized 2,000,000 shares of $.001 par value Series A Preferred Stock. The shares carry a 10% cumulative dividend, a $1.00 liquidation value, and may be converted into common shares at $0.20 per common share. The Preferred Stock has a mandatory redemption feature on such date that is the earlier of March 1, 2016 or upon a change of control transaction.

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Note 10 – Non-controlling Interests

On September 23, 2010, the Company, through a reverse merger, acquired 100% of the outstanding shares of Maple Carpenter Creek Holdings, Inc., ("MCCH"), a holding Company, with an 80% interest in Maple Carpenter Creek, LLC ("MCC"), which in turn owned a 95% interest in the subsidiary, Carpenter Creek, LLC ("CC"), and a 98.12% interest in Armadillo Holdings Group Corp. ("AHGC"), which in turn owned an 80% interest in Armadillo Mining Corp. ("AMC"). The non-controlling interest of 1.88% in AHGC was acquired by MCCH on December 21, 2010 in exchange for 31,334 shares of MMEX resulting in 100% ownership of AHGC. On March 22, 2011, AHGC acquired a 14.6% of AMC and on April 30, 2012, an additional 4% interest for a total of 98.6% based upon agreement with the minority interest holder to reduce their interest based upon proportionate share of additional capital contributed to AMC. As of January 31, 2013, non-controlling interests held an approximate 1.4% residual interest in AMC and 20% interest in MCC and 5% interest in CC.

Non-controlling interest balances were as follows:

	January 31, 2013	April 30, 2012
Balances at the beginning of the period	290,241	111,920
Losses due to minority interest in subsidiaries:		
MCCH (13.66%)	3,073	6,596
CC (5%)	1,125	812
AMC (1.4%)	8,606	170,913
Balances at the end of the period	303,045	290,241

Note 11 – Commitments and Contingencies

Merger Agreement

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

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

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

On April 26, 2012, the Board of Directors determined that the remaining milestones and acceleration regarding the Merger Agreement had been reached and the Corporation issued the remaining 500,000 shares of merger consideration, equally to AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, and the Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, Jack Hanks.

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After exercise of the Hunza option, the Company is obligated to fund an additional $3.0 million upon the earlier of May 1, 2013 or 90 days after the completion of the technical resources report which will be commissioned by Hunza. The Company pledged one half of its interest in Hunza as collateral; therefore, any payment default by the Company will result in a reduction of the Company's interest to 25% of Hunza.

Legal

There were no legal proceedings against the Company.

Note 12 – Subsequent Events

On February 14, 2013, the Company issued 300,000 Common Shares to an unrelated third party as part of the January 2, 2013 convertible note agreement.

On February 14, 2013, the Company issued 225,000 of the Company's common stock to each of The Maple Gas Corporation, a wholly owned subsidiary of Maple Resources Corporation, which is 100% owned by the Company's CEO, Jack Hanks, AAM Investments, LLC, affiliated with one of the Company's Directors, Bruce N. Lemons, Delavega Trading Ltd, a company for which Nabil Katabi a Company director has a controlling interest, for a total of 675,000 shares, as compensation for their collateralization of the January 16, 2013 convertible note.

On February 14, 2013, the Company issued an unrelated third party, 225,000 shares of the Company's common stock as compensation for their collateralization of a Company convertible note.

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

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

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

Overview and Outlook

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

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

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

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

- In order to exercise the option to acquire 50% of Hunza, the Company would be required to complete the payment of exclusivity fees on or before February 29, 2012, including issuing a $1.2 million note convertible into 4,000,000 shares of the Company's common stock.
- After exercise of the option, the Company would be obligated to fund an additional $3.0 million upon the earlier of May 1, 2013 or 90 days after the completion of the technical resources report which will be commissioned by Hunza.
- The Company would pledge one half of its interest in Hunza to secure any payment default by the Company, which default would result in a reduction of the Company's interest to 25% of Hunza.

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

In 2012, the primary operational activities of Hunza have been initiating the community relations activities in advance of the commencement of the work program to be carried out on the Hunza Project as recommended in the Technical Report. These activities involved working with the local community leaders to understand the needs of the communities in proximity to the Hunza Project. In 2012, Hunza also initiated a transportation and logistics feasibility study for marketing of coal, an update of the initial mine plan and a marketing study for metallurgical coal. With respect to the drilling program, negotiations are underway with the sub-contractor to finalize and to mobilize the drilling operations. Hunza has also engaged a Colombian underground mining operator to develop a complete pre-feasibility and feasibility mining plan for the mine development on the Hunza Project with a Small Scale Mining Plan for extraction of up 240,000 tons per year and a Large Scale Mining Plan providing for the increase in the production to 2,400,000 tons per year over the course of seven years. Additionally, in January and February 2012, Hunza obtained environmental and mining permits allowing for the production of up to 2,400,000 tons per year. No mining activities have taken place on the Hunza Project in 2012.

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

Mineral Reserve Estimates

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

Development Strategy

The Corporation’s current strategy is to focus on the acquisition of metallurgical coal assets in Colombia and iron ore in Peru.

As MMEX continues to expand its business and implement its business strategy, its current monthly cash flow requirements will exceed its near term cash flow from operations. In order to fund the acquisition of AMCC’s 50% ownership in Hunza and its 18-month exploration program at the Hunza Project, on March 7, 2012, the Corporation completed a private placement of Common Shares to qualified South American investors for gross proceeds of approximately US$5.6 million.

Notwithstanding this recent private placement, there can be no assurance that the Corporation will be able to generate sufficient cash from operations in future periods to satisfy its capital requirements. Therefore, the Corporation will have to continue to rely on external financing activities, including the sale of equity securities, to satisfy capital requirements for the foreseeable future. Equity financings of the type the Corporation has been required to pursue are dilutive to shareholders and may adversely impact the market price of the Common Shares. However, the Corporation has no commitments for borrowings or additional sales of equity, the precise terms upon which it may be able to attract additional funding is not known at this time, and there can be no assurance that it will be successful in consummating any such future financing transactions on terms satisfactory to MMEX.

Merger with Maple Carpenter Creek Holdings, Inc

On September 21, 2010, MMEX Mining Corporation, Inc entered into a merger agreement with Maple Carpenter Creek Holdings, Inc. ("MCCH"). MCCH is engaged in the development of both thermal and metallurgical coal projects in the U.S. and Colombia. Under the terms of the merger agreement, MCCH merged with a wholly owned subsidiary of MMEX Mining Corporation in exchange for the issuance of 6,500,000 shares of MMEX Mining Corporation common stock to the owners of MCCH, of which 5,000,000 shares were issued on October 8, 2010 and 1,500,000 shares were presented as common stock payable. On January 11, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued the remaining 1,500,000 in accordance with the merger agreement. The Company reversed the subscription payable resulting in a $15,000 adjustment to common stock payable. The owners of MCCH also were granted the right to receive an additional 1,500,000 shares of common stock as contingent consideration to vest on certain milestones defined in the definitive merger agreement. On September 13, 2011, the Board of Directors, through a Unanimous Written Consent of the Board of Directors issued 1,000,000 shares of the contingent consideration.

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

Critical Accounting Policies and Significant Judgments and Estimates

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

Results of Operations

Revenues:

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

General and administrative:

General and administrative expenses were $257,548 for the nine months ended January 31, 2013 compared to $523,661 for the nine month ended January 31, 2012, a decrease of $266,113. General and administrative expenses were $112,635 for the three months ended January 31, 2013 compared to $120,061 for the three month ended January 31, 2012, a decrease of $7,426. The decrease is due to focus on our acquisition of our Colombian mining activity.

Payroll and taxes:

Payroll and taxes expense was $342,702 for the nine month period ended January 31, 2013 compared to $367,622 for the nine month period ended January 31, 2012, a decrease of $24,920. Payroll and taxes expense was $106,357 for the three month period ended January 31, 2013 compared to $120,051 for the three month period ended January 31, 2012, a decrease of $13,694. The decrease is due to reduction of employees over prior year.

Professional fees:

Professional fees expense was $680,757 for the nine month period ended January 31, 2013 compared to $274,899 for the nine month period ended January 31, 2012, an increase of $405,858. Professional fees expense was $140,798 for the three month period ended January 31, 2013 compared to $110,237 for the three month period ended January 31, 2012, an increase of $30,561. The increase was due to increased consulting services to support international

operations.

Impairment expenses:

Impairment expense was $0 for the nine month period ended January 31, 2013 compared to $932,454 for the nine month period ended January 31, 2012, a decrease of $932,454. Impairment expense was $0 for both three month periods ended January 31, 2013 and 2012, respectively. The decrease was due to the reclassification of exploration costs to those of proven properties.

Depreciation and amortization:

Depreciation and amortization expense was $3,743 for the nine month period ended January 31, 2013 compared to $3,614 for the nine month period ended January 31, 2012, an increase of $129. Depreciation and amortization expense was $1,263 for the three month period ended January 31, 2013 compared to $1,219 for the three month period ended January 31, 2012, an increase of $44. The increase is due to the addition of depreciable equipment in the current fiscal year.

Net operating loss:

Net operating loss for the nine month period ended January 31, 2013 was $1,284,750 or $0.02 per share compared to a net operating loss of $2,104,144 for the nine month period ended January 31, 2012, or $0.17 per share, a decrease of $819,394. Net operating loss for the three month period ended January 31, 2013 was $361,053 or $0.01 per share compared to a net operating loss of $351,568 for the three month period ended January 31, 2012, or $0.03 per share, an increase of $9,485. The net operating loss decreased for the nine month period ended January 31, 2013 compared to the nine month period ended January 31, 2012 is primarily due to decreased exploration costs of proven properties. The increase in the three month period ended January 31, 2013 compared to the January 31, 2012 period is due to increased professional fees.

Other expense:

We reported a loss on debt conversion of $441,960 for the nine month period ended January 31, 2013 and $53,453 for the period ended January 31, 2012. The loss in the January 31, 2013 period was due to the conversion of $323,640 debt when the fair value of the common stock exchanged was $765,600 based on the closing price on the date of grant and the loss in the January 31, 2012 period was due to the conversion of $356,250 debt when the fair value of the common stock exchanged was $409,703 based on the closing price on the date of grant.

We also reported loss of $280,983 on investment of property for the nine month period ended January 31, 2013 and $0 for the nine month period ended January 31, 2012. This reflects the Company's 50% interest in Hunza's loss for the period ended January 31, 2013. We reported loss of $69,310 for the three month period ended January 31. 2013 and $0 for the three month period ended January 31. 2012.

We reported interest expense of $1,065,856 for the nine month period ended January 31, 2013 compared to $1,433,473 for the nine month period ended January 31, 2012, a decrease of $367,615. We reported interest expense of $302,223 for the three month period ended January 31, 2013 compared to $264,461 for the three month period ended January 31, 2013, an increase of $37,761. The year to date decrease was due to a reduction in outstanding debt due to conversions to equity.

Non-controlling interests in loss of consolidated subsidiaries:

Non-controlling interests in loss of consolidated subsidiaries represented approximately $12,804 and $98,624 of the total losses for the nine month period ended January 31, 2013 and 2012, respectively, a decrease of $85,820. Non-controlling interests in loss of consolidated subsidiaries represented approximately $3,371 and $19,619 of the total losses for the three month period ended January 31, 2013 and 2012, respectively, a decrease of $16,248. The decrease was due to reduced losses in the subsidiaries with non-controlling interests and due to the acquisition of additional interest, 94.6% to 98.6%, in the company's AMC subsidiary.

Net loss:

We recorded a net loss of $3,060,745 or $0.06 per share, for the nine month period ended January 31, 2013, compared to a net loss of $3,496,095, or $0.29 per share for the nine month period ended January 31, 2012. We recorded a net loss of $729,215 or $0.01 per share, for the three month period ended January 31, 2013, compared to a net loss of $649,864, or $0.05 per share for the three month period ended January 31, 2012. Net losses decreased in the year to date period primarily as a result of our decreased impairment expenses as we completed the acquisition of our mineral interests.

Liquidity and Capital Resources

Our principal source of operating capital has been provided from private sales of our common stock, preferred stock, partnership capital contributions, and debt financing. At January 31, 2013, we had a negative working capital position of $7,085,758.

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

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

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

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

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

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

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

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

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

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

On August 15, 2012, the Company entered into a $100,000 convertible note agreement with an unrelated party. The debentures carry a 20% interest rate until maturity at October 31, 2013 and are convertible into Common Shares at the holder's option at $0.20 per Common Share. The note is convertible upon default at the option of the holder into our common stock at a fixed conversion price of $0.20, subject to adjustment for stock splits and combinations.

On January 16, 2013, the Company closed a note purchase agreement with an accredited investor pursuant to which the Company sold a $120,000 note in a private placement transaction. The note is due and payable on March 1, 2013, carries a 1.87% per month interest rate due and payable on March 1, 2013 and included 300,000 shares of the Company's common stock. If the note is not paid by March 1, 2013, the interest rate is increased by an additional 30% annually. The note is secured with 900,000 of the Company's common stock which were pledged and owned by Jack Hanks, the Company's President and CEO.

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

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Future Obligations

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not required by smaller reporting companies.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

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

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

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

Changes in Internal Control Over Financial Reporting

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

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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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

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 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

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

SIGNATURES

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

	MMEX Mining Corporation. (Registrant)	
Date: March 18, 2013	By:	/s/ Jack W. Hanks Jack W. Hanks President and Chief Executive Officer

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