Global Clean Energy Holdings, Inc.
Form 10-Q
May 14, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2013

OR

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

Commission file number 0-12627

Global Clean Energy Holdings, Inc.
Exact name of registrant as specified in its charter)

DELAWARE	87-0407858
State or other jurisdiction of incorporation	(IRS Employer Identification No.)

100 West Broadway, Suite 650
Long Beach, California 90802
(Address of principal executive offices)
(310) 641-4234

Former Name or Former Address, if Changed Since Last Report

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer	o	Non-accelerated filer	o

Accelerated Filer	o	Smaller reporting company	x

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of May 9, 2013, the issuer had 333,683,502 shares of common stock issued and outstanding.

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

PART I
ITEM 1. FINANCIAL STATEMENTS.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$514,458	$941,579
Accounts receivable	26,779	2,100
Inventory	431,900	1,564
Other current assets	338,994	298,586
Total Current Assets	1,312,131	1,243,829
PROPERTY AND EQUIPMENT, NET	15,895,085	14,559,002
INVESTMENT HELD FOR SALE	288,536	288,536
DEFERRED GROWING COST	3,552,225	3,378,990
INTANGIBLE ASSETS, NET	3,877,270	-
OTHER NONCURRENT ASSETS	11,775	11,372
TOTAL ASSETS	$24,937,022	$19,481,729
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$3,597,907	$1,135,594
Accrued payroll and payroll taxes	1,134,883	1,018,894
Capital lease liability - current portion	30,668	42,829
Notes payable - current portion	49,358	60,800
Convertible notes payable	567,000	567,000
Total Current Liabilities	5,379,816	2,825,117
LONG-TERM LIABILITIES		
Accrued interest payable	2,337,260	2,121,787
Accrued return on noncontrolling interest	5,568,252	4,963,582
Notes payable - long term portion	1,351,642	40,200
Mortgage notes payable	5,110,189	5,110,189
Total Long Term Liabilities	14,367,343	12,235,758

STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock - $0.001 par value; 50,000,000 shares authorized Series B, convertible; 13,000 shares issued (aggregate liquidation preference of $1,300,000)	13	13
Common stock, $0.001 par value; 500,000,000 shares authorized; 333,683,502 and 293,683,502 issued and outstanding	333,683	293,683
Additional paid-in capital	25,455,137	24,588,022
Accumulated deficit	(26,837,525)	(26,599,007)
Accumulated other comprehensive loss	(46,547)	(56,121)
Total Global Clean Energy Holdings, Inc. Stockholders' Deficit	(1,095,239)	(1,773,410)
Noncontrolling interests	6,285,102	6,194,264
Total equity (deficit)	5,189,863	4,420,854
TOT AL LIABILITIES AND EQUITY (DEFICIT)	$24,937,022	$19,481,729

The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months ended March 31, 2013	For the Three Months ended March 31, 2012
Revenue	$88,480	$153,935
Subsidy Income	17,147	465,586
Total Revenue	105,627	619,521
Operating Expenses		
General and administrative	560,139	627,467
Plantation operating costs	570,156	172,437
Total Operating Expenses	1,130,295	799,904
Loss from Operations	(1,024,668)	(180,383)
Other Income (Expenses)		
Other income	19	19,662
Interest expense	(216,755)	(192,800)
Gain on settlement of liabilities	-	514,473
Net Other Income (Loss)	(216,736)	341,335
Income (Loss) from Continuing Operations	(1,241,404)	160,952
Loss from Discontinued Operations	-	(2,038)
Net Income (Loss)	(1,241,404)	158,914
Less Net Loss Attributable to the Noncontrolling Interest	1,002,886	200,050
Net Income (Loss) Attributable to Global Clean Energy Holdings, Inc.	$(238,518)	$358,964
Amounts attributable to Global Clean Energy Holdings, Inc. common shareholders:		
Income (loss) from Continuing Operations	$(238,518)	$361,002
Loss from Discontinued Operations	-	(2,038)
Net Income (Loss)	$(238,518)	$358,964
Basic Income (Loss) per Common Share:		
Income (Loss) from Continuing Operations	$(0.0008)	$0.0013
Loss from Discontinued Operations	-	-
Net Income (Loss) per Common Share	$(0.0008)	$0.0013
Basic Weighted-Average Common Shares Outstanding	301,683,502	285,062,812

Diluted Income (Loss) per Common Share:		
Income (Loss) from Continuing Operations	$(0.0008)	$0.0012
Loss from Discontinued Operations	-	-
Net Income (Loss) per Common Share	$(0.0008)	$0.0012
Diluted Weighted-Average Common Shares Outstanding	301,683,502	308,586,480

The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	For the Three Months Ended March 31, 2013	For the Three Months Ended March 31, 2012
Net Income (Loss)	$(1,241,404)	$158,914
Other comprehensive income - foreign currency translation adjustment	888,584	1,198,522
Comprehensive Income (Loss)	(352,820)	1,357,436
Add net loss attributable to the noncontrolling interest	1,002,886	200,050
Add other comprehensive loss (less income) attributable to noncontrolling interest	(879,010)	(1,181,435)
Comprehensive Income (Loss) Attributable to Global Clean Energy Holdings, Inc.	$(228,944)	$376,051

The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(Unaudited)

For the three Months Ended March 31, 2012 and 2013

	Series B Shares	Series B Amount	Common stock Shares	Common stock Amount	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Balance at December 31, 2011	13,000	$13	285,062,812	$285,062	$ 24,260,628	$(26,662,294)	$(21,996)	$5,099,547	$2,960,960
Contributions from noncontrolling interests	-	-	-	-	-	-	-	1,531,290	1,531,290
Share-based compensation from issuance of options and compensation-based warrants	-	-	-	-	17,004	-	-	-	17,004
Accrual of preferential return for the noncontrolling interests	-	-	-	-	-	-	-	(453,999)	(453,999)
Foreign currency translation gain (loss)	-	-	-	-	-	-	17,087	1,181,435	1,198,522
Net Income (loss) for the three months ended March 31, 2012	-	-	-	-	-	358,964	-	(200,050)	158,914
Balance for the three months ended March 31, 2012	13,000	$13	285,062,812	$285,062	$ 24,277,632	$(26,303,330)	$(4,909)	$7,158,223	$5,412,691
Balance at December 31, 2012	13,000	$13	293,683,502	$293,683	$24,588,022	$(26,599,007)	$(56,121)	$6,194,264	$4,420,854
Contributions from noncontrolling interests	-	-	-	-	-	-	-	819,384	819,384
Issuance of common stock	-	-	40,000,000	40,000	760,000	-	-	-	800,000
	-	-	-	-	107,115	-	-	-	107,115

Share-based compensation from issuance of options and compensation-based warrants									
Accrual of preferential return for the noncontrolling interests	-	-	-	-	-	-	-	(604,670)	(604,670)
Foreign currency translation gain (loss)	-	-	-	-	-	-	9,574	879,010	888,584
Net Income (loss) for the three months ended March 31, 2013	-	-	-	-	-	(238,518)	-	(1,002,886)	(1,241,404)
Balance for the three months ended March 31, 2013	13,000	$13	333,683,502	$333,683	$ 25,455,137	$(26,837,525)	$(46,547)	$6,285,102	$5,189,863

The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31, 2013	2012
Cash Flows From Operating Activities		
Net loss	$(1,241,404)	$158,914
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on settlement of liabilities	-	(514,473)
Share-based compensation	107,115	17,004
Write down of deferred growing cost	6,556	-
Write down of long lived assets	15,000	-
Depreciation and amortization	67,496	68,743
Changes in operating assets and liabilities:		
Accounts receivable	(25,400)	-
Inventory	(112)	(23,010)
Other current assets	(28,323)	(37,655)
Deferred growing costs	-	(382,771)
Accounts payable and accrued expenses	379,219	202,837
Deferred revenue	-	(152,732)
Other noncurrent assets	(5,535)	-
Net Cash Used in Operating Activities	(725,387)	(663,143)
Cash Flows From Investing Activities		
Plantation development costs	(552,979)	(474,084)
Purchase of property and equipment	(2,608)	(85,583)
Proceeds from sale of property and equipment	13,737	-
Net Cash Used in Investing Activities	(541,850)	(559,667)
Cash Flows From Financing Activities		
Proceeds from issuance of preferred membership in GCE Mexico I, LLC	819,384	1,531,290
Payments on capital leases and notes payable	(14,013)	(12,206)
Net Cash Provided by Financing Activities	805,371	1,519,084
Effect of exchange rate changes on cash	34,745	45,235
Net change in Cash and Cash Equivalents	(427,121)	341,509
Cash and Cash Equivalents at Beginning of Period	941,579	676,780
Cash and Cash Equivalents at End of Period	$514,458	$1,018,289
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$1,282	$2,220
Noncash Investing and Financing activities:		
Accrual of return on noncontrolling interest	$604,670	$453,999
Acquisitions:		-
Intangible assets and equipment Acquired	$4,077,765	-

Inventory acquired	$430,141	-
Other current assets assumed	$260	-
Other current liabilities assumed	$(2,408,066)	-
Net assets acquired	$(2,100,100)	
Notes payable issued	$(1,300,000)	-
Common stock issued	$(800,000)	-

The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1 – History and Basis of Presentation

History

Global Clean Energy Holdings, Inc. is a U.S.-based, multi-national, energy agri-business focused on the development of non-food based bio-feedstocks.

The company was originally incorporated under the laws of the State of Utah on November 20, 1991. On July 19, 2010, the reincorporation of the company from a Utah corporation to a Delaware corporation was completed, as approved by shareholders. In the reincorporation, each outstanding share of the company's common stock was automatically converted into one share of common stock of the surviving Delaware corporation. In addition, the par value of the Company's capital stock changed from no par per share to $0.001 per share. The effects of the change in par value have been reflected retroactively in the accompanying condensed consolidated financial statements and notes thereto for all periods presented. The effect of retroactively applying the par value of $0.001 per share resulted in reclassification of $17,409,660 of common stock and $1,290,722 of preferred stock as of December 31, 2008 to additional paid-in capital. The reincorporation did not result in any change in the company's name, ticker symbol, CUSIP number, business, assets or operations. The management and Board of Directors of the company remained the same.

Principles of Consolidation

The consolidated financial statements include the accounts of Global Clean Energy Holdings, Inc., its subsidiaries, and the variable interest entities of GCE Mexico, and its Mexican subsidiaries (Asideros, Asideros 2 and Asideros 3). The financial statements include the newly acquired Sustainable Oils, LLC, a wholly owned subsidiary, from the acquisition date of March 13, 2013 thru the period end date of March 31, 2013. All significant intercompany transactions have been eliminated in consolidation.

Generally accepted accounting principles require that if an entity is the primary beneficiary of a variable interest entity (VIE), the entity should consolidate the assets, liabilities and results of operations of the VIE in its consolidated financial statements. Global Clean Energy Holdings, Inc. considers itself to be the primary beneficiary of GCE Mexico, and it's Mexican subsidiaries, and accordingly, has consolidated these entities since their formation beginning in April 2008, with the equity interests of the unaffiliated investors in GCE Mexico presented as Noncontrolling Interests in the accompanying condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included and are of normal, recurring nature. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission. The results of operations for the three months ended March 31, 2013, may not be indicative of the results that may be expected for the year ending December 31, 2013.

Accounting for Agricultural Operations

All costs incurred until the actual planting of the Jatropha Curcas plant are capitalized as plantation development costs, and are included in “Property and Equipment” on the balance sheet. Plantation development costs are being accumulated in the balance sheet during the development period and will be accounted for in accordance with accounting standards for Agricultural Producers and Agricultural Cooperatives. The direct costs associated with each farm and the production of the Jatropha revenue streams have been deferred and accumulated as a noncurrent asset, “Deferred Growing Costs”, on the balance sheet. Other general costs without expected future benefits are expensed when incurred.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Income/Loss per Common Share

Income/Loss per share amounts are computed by dividing income or loss applicable to the common shareholders of the Company by the weighted-average number of common shares outstanding during each period. Diluted income or loss per share amounts are computed assuming the issuance of common stock for potentially dilutive common stock equivalents. The number of dilutive warrants and options is computed using the treasury stock method, whereby the dilutive effect is reduced by the number of treasury shares the Company could purchase with the proceeds from exercises of warrants and options.

	For the three months ended March 31, 2013	2012
Net Income (loss)	$(238,518)	$358,964
Basic Weighted-Average Common Shares Outstanding	301,683,502	285,062,812
Effect of dilutive securities		
Warrants	-	14,078,448
Options	-	9,445,220
Diluted Weighted-Average Common Shares Outstanding	301,683,502	308,586,480
Basic Income (loss) Per Common Share		
Net Income (loss)	(0.0008)	0.0013
Diluted Income (loss) Per Common Share		
Net Income (loss)	(0.0008)	0.0012

The following instruments are currently antidilutive or not exercisable and have been excluded from the calculations of diluted income or loss per share at March 31, 2013 and 2012, as follows:

	March 31, 2013	2012
Convertible notes	18,900,000	18,900,000
Convertible preferred stock - Series B	11,818,181	11,818,181
Warrants	24,585,662	10,507,214
Compensation-based stock options and warrants	69,208,483	65,036,263
	124,512,326	106,261,658

Revenue Recognition

Revenue is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; collectability is reasonably assured; and title and the risks and rewards of ownership have transferred to the buyer. Value added taxes collected on revenue transactions are excluded from revenue and are included in accounts payable until remittance to the taxation authority.

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Jatropha oil revenue - The Company's primary source of revenue will be crude Jatropha oil. Revenue will be recognized net of sales or value added taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognized when there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Advisory services revenue - The Company provides development and management services to other companies regarding their bio-fuels and/or feedstock-Jatropha development operations, on a fee for services basis. The advisory services revenue is recognized upon completion of the work in accordance with the separate contract.

Agricultural subsidies revenue - the Company receives agricultural subsidies from the Mexican government. Due to the uncertainty of these payments, the revenue is recognized when the payments are received.

Note 2 – Going Concern Considerations

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying consolidated financial statements, the Company incurred a loss from continuing operations applicable to its common shareholders of $238,518 for the three-months ended March 31, 2013, and has an accumulated deficit applicable to its common shareholders of $26,837,525 at March 31, 2013. The Company also used cash in operating activities of $725,387 and $663,143 during the three-month periods ended March 31, 2013 and 2012 , respectively. At March 31, 2013, the Company has negative working capital of $4,067,685 and a stockholders' deficit attributable to its stockholders of $1,095,239. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company commenced its new business related to the cultivation and production of oil from the seed of the Jatropha plant in September 2007. Management plans to meet its cash needs through various means including securing financing, entering into joint ventures, and developing the current business model. In order to fund its new operations, the Company has to date received $20,380,087 in capital contributions from the preferred membership interest in GCE Mexico I, LLC ("GCE Mexico"), has issued mortgages in the total amount of $5,110,189 for the acquisition of land. The Company is developing the new business operation to participate in the rapidly growing bio-diesel industry. While the Company expects to be successful in this new venture, there is no assurance that its business plan will be economically viable. The ability of the Company to continue as a going concern is dependent on that plan's success. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 – Jatropha Business Venture

The Company entered into the bio-fuels business in 2007 by acquiring certain trade secrets, know-how, business plans, term sheets, business relationships, and other information relating to the cultivation and production of seed oil from the Jatropha plant for the production of bio-diesel, and by entering into certain employment agreements and property management agreements. Subsequent to entering into these transactions, the Company identified certain real property in Mexico it believed to be suitable for cultivating the Jatropha plant. During 2008, GCE Mexico's subsidiary acquired the land in Mexico for the cultivation of the Jatropha plant. In July 2009, the Company acquired Technology Alternatives, Limited ("TAL"), a company formed under the laws of Belize that had developed a farm in Belize for cultivation of the Jatropha plant and provided technical advisory services for the propagation of the Jatropha plant. In March 2010, the Company formed Asideros 2, a Mexican corporation, which has acquired additional land in Mexico adjacent to the land acquired by Asideros 1. All of these transactions are described in further detail in Note 1 above and in the remainder of the notes.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

LODEMO Agreement

On October 15, 2007, the Company entered into a service agreement with Corporativo LODEMO S.A DE CV, a Mexican corporation (the LODEMO Group), to provide services related to the establishment, development, and day-to-day operations of the Company's Jatropha Business in Mexico. The Agreement had a 20-year term but could be terminated or modified earlier by the Company under certain circumstances. In June 2009, the scope of work previously performed by LODEMO was reduced and modified based upon certain labor functions being provided internally by the Company and by Asideros, the Company's Mexican subsidiary, on a go-forward basis. This agreement was cancelled in 2009. As of March 31, 2013 and as of December 31, 2012, the Company's financial statements reflect that it owes the LODEMO Group $251,500 for accrued, but unpaid expenses. The Company disputes the total of these charges and has been in discussions with LODEMO to resolve this liability.

GCE Mexico I, LLC and Subsidiaries

GCE Mexico was organized primarily to facilitate the acquisition of the initial 5,000 acres of farm land (the Jatropha Farm) in the State of Yucatan in Mexico to be used primarily for the (i) cultivation of Jatropha curcas, (ii) the marketing and sale of the resulting fruit, seeds, or pre-processed crude Jatropha oil, whether as biodiesel, feedstock, biomass or otherwise, and (iii) the sale of carbon value, green fuel value, or renewable energy credit value (and other similar environmental attributes) derived from activities at the Jatropha Farm.

Under GCE Mexico's operating agreement, as amended (the "LLC Agreement"), the Company owns 50% of the issued and outstanding common membership units of GCE Mexico. The remaining 50% of the common membership units was initially issued to five of investors. The Company and the other owners of the common membership interest were not required to make capital contributions to GCE Mexico.

In addition, two investors agreed to invest in GCE Mexico through the purchase of preferred membership units and through the funding of the purchase of land in Mexico. An aggregate of 1,000 preferred membership units were issued to these two investors who each agreed to make capital contributions to GCE Mexico in installments and as required, fund the development and operations of the Jatropha Farm. In November 2012, one of the two investors transferred 100% of the interest to the other investor. The preferred members have made capital contributions of $819,384 and $1,531,290 during the three months ended March 31, 2013 and 2012, respectively, and total contributions of $20,380,087 have been received by GCE Mexico from these investors since the execution of the LLC Agreement. The LLC Agreement calls for additional contributions from the investors, as requested by management and as required by the operation in 2013 and the following years. The holder of the preferred membership interest is entitled to earn a preferential 12% per annum cumulative compounded return on the cumulative balance of the preferred membership interest. The preferential return increased $604,670, and $453,998 during the three months ended March 31, 2013 and 2012, respectively, and totals $5,568,252 since the execution of the LLC Agreement.

The net income or loss of the three Mexican subsidiaries that own the Mexico farms is allocated to the shareholders based on their respective equity ownership; 99% of the equity of each subsidiary is owned by GCE Mexico and 1% is owned by the Company. GCE Mexico has no operations separate from its investments in the Mexican subsidiaries. According to the LLC Agreement of GCE Mexico, the net loss of GCE Mexico is allocated to its members according to their respective investment balances. Accordingly, since the common membership interest did not make a capital contribution, all of the losses have been allocated to the preferred membership interest. The noncontrolling interest presented in the accompanying consolidated balance sheets includes the carrying value of the preferred membership interests and of the common membership interests owned by the Investors, and excludes any common membership interest in GCE Mexico held by the Company.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Technology Alternatives, Limited

On October 29, 2008, the Company entered into a stock purchase agreement with the shareholders of Technology Alternatives, Limited ("TAL"), a company formed under the laws of Belize in Central America for 100% of the equity interests of TAL. TAL owns approximately 400 acres of land that was used as a Jatropha farm.

In connection with the acquisition, certain payables owed by TAL to its former shareholders were converted into promissory notes in the aggregate principal amount of $516,139 Belize Dollars (US $268,036 based on exchange rates in effect at July 2, 2009). These notes payable to shareholders currently bear interest at 8% per annum.. The notes are secured by a mortgage on the land and related improvements. The notes, plus any related accrued interest, were due on August 15, 2012 but have not been paid. The holders of these notes have not yet declared a formal default and have not taken any action to foreclose.

During 2010, the Company terminated TAL's Jatropha and other operations. The Company has received approval from the former shareholders to sell the land and is currently attempting to sell the land. The assets are reported as Investment Held for Sale.

Note 4 - Investment Held for Sale

All of TAL's nursery capabilities have been transferred from Belize to the Company's operations in Tizimin, Mexico. The Company is in the process of selling the land in Belize. The net assets have been reclassified as Investment Held for Sale at March 31, 2013 and at December 31, 2012; the promissory notes are netted against the assets. The Net Assets, measured at the lower of cost or fair value as of March 31, 2013 were $565,473 Belize Dollars (US $288,536 based on exchange rates in effect at March 31, 2013).

Note 5 – Property and Equipment

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Property and equipment are as follows:

	March 31, 2013	December 31, 2012
Land	$4,772,038	$4,539,314
Plantation development costs	10,186,142	9,229,638
Plantation equipment	1,585,113	1,546,971
Office equipment	302,544	108,598
Total cost	16,845,837	15,424,521
Less accumulated depreciation	(950,752)	(865,518)
Property and equipment, net	$15,895,085	$14,559,002

Commencing in June 2008, Asideros I purchased certain equipment for purposes of rapidly clearing the land, preparing the land for planting, and actually planting the Jatropha trees. The Company has capitalized farming equipment and costs related to the development of land for farm use in accordance with generally accepted accounting principles for accounting by agricultural producers and agricultural cooperatives. Plantation equipment is depreciated using the straight-line method over estimated useful lives of 5 to 15 years. Depreciation expense has been capitalized as part of plantation development costs through the date that the plantation becomes commercially productive. The initial plantations were deemed to be commercially productive on October 1, 2009, at which date the Company commenced the depreciation of plantation development costs over estimated useful lives of 10 to 35 years, depending on the nature of the development. Developments and other improvements with indefinite lives are capitalized and not depreciated. Other developments that have a limited life and intermediate-life plants that have growth and production cycles of more than one year are being depreciated over their useful lives once they are placed in service. The land, plantation development costs, and plantation equipment are located in Mexico and in Belize. The company has recorded depreciation expense in the three month periods ended March 31, 2013 and 2012 of $57,501 and $68,743, respectively.

Note 6 – Intangible Assets

In March 2013, the Company purchased certain intangible assets as part of the acquisition of Sustainable Oils, LLC. See further discussion on acquisition in Note 11. The intangible assets include 3 patents and the related intellectual property associated with these patents. These intangible assets acquired have an expected useful life of 17 years and are carried at cost less any accumulated amortization and any impairment losses. The company has recorded $9,995 in amortization expense in the three month period ended March 31, 2013 and no expense in the three month period ended March 31, 2012.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Condensed Consolidated Financial Statements

Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 17 years.

Note 7 – Debt

Notes Payable

On November 1, 2012, the Company entered into a note payable in the aggregate amount of $75,000. The note bears interest at 5% and is unsecured. Principal and interest on this Note shall be payable monthly in the amount of $5,000, commencing on May 1, 2013 with the final payment due on September 1, 2014.

Notes Payable to Shareholders

Included in notes payable on the accompanying consolidated balance sheet, the Company has notes payable to certain shareholders in the aggregate amount of $26,000 at March 31, 2013 and December 31, 2012. The notes originated between 1997 and 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled $49,540 at March 31, 2013 and December 31, 2012.

As more fully disclosed in Note 3 the Company has issued promissory notes to the former shareholders of TAL in the aggregate amount of $526,462 Belize dollars, (US $274,341 based on exchange rates in effect at March 31, 2013), including capitalized interest of $10,322 Belize Dollars (US $5,379 based on exchange rates in effect at March 31, 2013). These notes payable to shareholders were interest free through September 30, 2009, and then commenced earning interest at a rate of 8% per annum through the maturity date. The notes are secured by a mortgage on the land and related improvements. The notes, plus any related accrued interest, were due on August 15, 2012, but have not been paid. The holders of these notes have not yet declared a formal default and have not taken any action to foreclose. The Company has received approval from the former shareholders to sell the mortgaged land, and is currently marketing that land.

Convertible Notes Payable

In March 2010, the Company entered into a securities purchase agreement with the preferred members of GCE Mexico pursuant to which the Company issued senior unsecured convertible promissory notes in the original aggregate principal amount of $567,000 and warrants to acquire an aggregate of 1,890,000 shares of the Company's common stock. The Convertible Notes mature on the earlier of (i) March 16, 2012, or (ii) upon written demand of payment by the note holders following the Company's default thereunder. The maturity date of the Convertible Notes may be extended by written notice made by the note holders at any time prior to March 16, 2012. These notes have been extended to September 2013. Interest accrues on the convertible notes at a rate of 5.97% per annum, and is payable quarterly in cash, in arrears, on each nine-month anniversary of the issuance of the convertible notes. The Company may at its option, in lieu of paying interest in cash, pay interest by delivering a number of unregistered shares of its common stock equal to the quotient obtained by dividing the amount of such interest by the arithmetic average of the volume weighted average price for each of the five consecutive trading days immediately preceding the interest payment date. At any time following the first anniversary of the issuance of the Convertible Notes, at the option of the note holders, the outstanding balance thereof (including unpaid interest) may be converted into shares of the Company's common stock at a conversion price equal to $0.03. The conversion price may be adjusted in connection with stock splits, stock dividends and similar events affecting the Company's capital stock. The convertible notes rank senior to all other indebtedness of the Company, and thereafter will remain senior or pari passu with all accounts payable and other similar liabilities incurred by the Company in the ordinary course of business. The Company may not prepay the convertible notes without the prior consent of the Investors.

Mortgage Notes Payable

The investors holding the preferred membership units of GCE Mexico also directly funded the purchase by Asideros I of approximately 5,000 acres of land in the State of Yucatan in Mexico by the payment of $2,051,282. The land was acquired in the name of Asideros I, and Asideros I issued a mortgage in the amount of $2,051,282 in favor of the two original investors. These two investors also directly funded the purchase by Asideros 2 of approximately 4,500 acres, and a second parcel by Asideros 2 of approximately 600 acres of land adjacent to the land owned by Asideros by the total payment of $963,382. The land was acquired in the name of Asideros 2 and Asideros 2 issued mortgages in the amount of $963,382 in favor of these two investors. These mortgages bear interest at the rate of 12% per annum, payable quarterly. The parties have agreed to accrue the interest until such time as the Board determines that there is sufficient cash flow to pay all accrued interest. The initial mortgage, including any unpaid interest, is due in April 2018. The second mortgage, including any unpaid interest, is due in February 2020.

In October 2011, the two original investors also directly funded the purchase by Asideros 3 of approximately 5,600 acres for a total $2,095,525. The land was acquired in the name of Asideros 3 and Asideros 3 issued mortgages in the amount of $2,095,525 in favor of these two investors. These mortgages bear interest at the rate of 12% per annum, payable quarterly. The Board has directed that this interest shall continue to accrue until such time as the Board determines that there is sufficient cash flow to pay all accrued interest. The initial mortgage, including any unpaid interest, is due in October 2021.

Recently, one of the two holders of the preferred membership interests acquired all of the ownership interests of the other member. Accordingly, all of the foregoing obligations are now owed to the sole holder of GCE Mexico's preferred membership interests.

Promissory Notes Payable

In March 2013, the Company issued a secured promissory note in the principal amount of $1,300,000 to Targeted Growth, Inc. as part of the acquisition of Sustainable Oils, LLC. The note bears an interest rate of ten percent (10.0%) per annum, and is payable upon the earlier of the following: (a) to the extent of 35.1% of, and on the third business day after, the receipt by the Company of any Qualified Funding; or (b) September 13, 2014 (the "Maturity Date"). The term "Qualified Funding" means all equity funding in excess of the $800,000, in the aggregate, received by the Company, its subsidiary or an affiliate after the date hereof for its Camelina business.

Settlement of Liabilities

The Company has settled certain liabilities previously carried on the consolidated balance sheet, which settlements resulted in gains from the extinguishment of liabilities. There was no gain on settlement of liabilities for the three months ended March 31, 2013, but there was a gain of $514,473 for the three months ended March 31, 2012. The gain in 2012 was primarily from the settlement or expiration of historic liabilities primarily incurred by prior management in connection with the discontinued pharmaceutical operations. In addition, the Company wrote off certain liabilities that had been extinguished with the passage of time for collection under applicable statutues of limitation laws.

Note 8 - Common Stock

In March 2013, the Company issued 40,000,000 shares, at $.02 per share as partial considertion of the business purchase that included certain assets, patents, and other intellectual property and rights related to the development of Camelina sativa as a biofuels feedstock that it acquired (see Note 11).

Note 9 – Stock Options and Warrants

Stock Options and Compensation-Based Warrants

The Company has three incentive stock option plans wherein 44,000,000 shares of the Company's common stock are reserved for issuance there under.

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No income tax benefit has been recognized for share-based compensation arrangements. Otherwise, no share-based compensation cost has been capitalized in theconsolidated balance sheet.

A summary of the status of options and compensation-based warrants at March 31, 2013, and changes during the three months then ended is presented in the following table:

	Shares Under Option		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life		Aggregate Intrinsic Value
Outstanding at December 31, 2012	68,608,483	$	0.02	4.3 years	$	-
Granted	3,450,000		0.01			
Exercised	-		-			
Forfeited	(350,000)		0.01			
Expired	(2,500,000)		0.04			
Outstanding at March 31, 2013	69,208,483		0.01	5.4 years	$	164,571
Exercisable at March 31, 2013	42,725,983	$	0.03	3.2 years	$	79,491

At March 31, 2013, options to acquire 80,000 shares of common stock have no stated contractual life. The fair value of other stock option grants and compensation-based warrants is estimated on the date of grant or issuance using the Black-Scholes option pricing model.   3,450,000 options were issued in the three-month period ended March 31, 2013 and none in the three-month period ended 2012. The weighted average fair value of stock options issued during the three months ended March 31, 2013 as $0.15. The weighted-average assumptions used for the stock options granted and compensation-based warrants issued during the three months ended March 31, 2013 were risk-free interest rate of 0.77%, volatility of 181%, expected life of 5.0 years, and dividend yield of zero. The expected life of stock options represents the period of time that the stock options granted are expected to be

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outstanding prior to exercise. The expected volatility is based on the historical price volatility of the Company's common stock. The risk-free interest rate represents the U.S. Treasury constant maturities rate for the expected life of the related stock options. The dividend yield represents anticipated cash dividends to be paid over the expected life of the stock options. The intrinsic values are based on a March 31, 2013 closing price of $0.016 per share.

Share-based compensation from all sources recorded during the three months ended March 31, 2013 and 2012 was $107,115 and $17,004, respectively, and is reported as general and administrative expense in the accompanying condensed consolidated statements of operations. As of March 31, 2013, there is approximately $113,069 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately .12 years.

Stock Warrants

A summary of the status of the warrants outstanding at March 31, 2013, and changes during the three months then ended is presented in the following table:

	Shares Under Warrant	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2012	24,585,662	$ 0.01	.75 years	$ -
Issued	-	-		
Exercised	-	-		$ -
Expired	-	-		
Outstanding at March 31, 2013	24,585,662	$ 0.01	.5 years	$ 314,184

Note 10 - Discontinued Operations

Pursuant to accounting rules for discontinued operations, the Company has classified all gain, revenue and expense related to the operations, assets, and liabilities of its bio-pharmaceutical business as discontinued operations. For the three-month periods ended March 31, 2013 and 2012, Income from Discontinued Operations consists of the foreign currency transaction gains related to current liabilities associated with the discontinued operations that are denominated in Euros.

Note 11 - Acquisition of Camelina Assets and Sustainable Oils

On March 13, 2013, the Company completed a business purchase that included certain assets, patents, and other intellectual property and rights related to the development of Camelina sativa as a biofuels feedstock (the "Camelina Assets") from Targeted Growth, Inc., a Washington based crop biotechnology company focused on developing products with enhanced yield and improved quality for the agriculture and energy industries. Also on March 13, 2013, we purchased all of the membership interests of Sustainable Oils, LLC, (SusOils) a Delaware limited liability company, from Targeted Growth, Inc. and the other, minority owner of that limited liability company. SusOils is a company that, since 2007, has been engaged in the development, production and commercialization of Camelina-based biofuels and FDA approved animal feed. Substantially all of the Camelina Assets were previously owned by SusOils and used in SusOils' operations.

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The Camelina Assets include: three issued U.S. patents on Camelina Sativa varieties; a substantial portfolio of other intellectual property assets, all of the Seller's intellectual property related to the research, development, breeding and/or genetic development of Camelina; germplasm; licenses, consents, permits, variances, certifications and approvals granted by any governmental agencies relating to Camelina operations; machines, equipment, tractors and vehicles used in Camelina operations; the name "Sustainable Oils" and the Sustainable Oils logo; and certain trade secrets, know-how, and technical data.

We currently intend to operate our Camelina business through a new subsidiary. We intend to capitalize that new subsidiary with the Sustainable Oils intellectual properties and operating assets that we recently purchased. In order to fund the operations and expansion of the Camelina operations, we intend to raise additional capital through the sale of debt or equity in the newly formed Camelina subsidiary. Sustainable Oils' operations have been headquartered in Bozeman, Montana. We intend to continue to conduct our Camelina operations in Montana. Accordingly, in March 2013, we entered into a sublease with Targeted Oils, Inc., to sublease a portion of Targeted Growth's research facilities and administrative offices in Bozeman, Montana.

We paid for the Camelina Assets by issuing to Targeted Growth, Inc. (i) a secured promissory note in the principal amount of $1,300,000 (the "Promissory Note" – see note 6 for more details) and (ii) an aggregate of 40,000,000 shares of our common stock. Of the 40,000,000 shares, 4,000,000 shares will be held by an escrow agent for 15 months following the closing for the purpose of providing a partial security to support the indemnity provisions of the purchase agreement. The 40,000,000 shares were valued at the market price on March 14, 2013.

The fair value of the consideration transferred to Targeted Growth, Inc. is in the following table:

Investment in Sustainable Oils	
Notes Payable to Targeted Growth, Inc.	$1,300,000
Cash (paid out)	100
Common stock issued	40,000
Additional Paid in Capital	760,000
	$2,100,100

The purchase price for the Sustainable Oils, LLC membership interests was $100. Sustainable Oils' assets include 295,000 pounds of "certified" Camelina seeds that we intend to sell to farmers this year and/or next year for the production of Camelina feedstock. The liabilities of Sustainable Oils include an approximately $2.3 million liability to UOP LLC, which is secured by a lien on the three patents we acquired as part of the Camelina Assets. The foregoing debt owed to UOP LLC will remain a direct obligation of SusOils and not of this company.

The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows:

	Fair Values at Acquisition Date
Prepaids and other assets	$260
Inventory	430,141

Intangible Assets	3,887,270
Equipment	190,500
Accounts Payable to UOP	(2,286,727)
Commitment for field testing	(79,000)
Other accounts payable and accrued liabilities	(42,339)
Total net assets of Sustainable Oils	$2,100,100

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The value of the acquired identifiable intangible assets of $3,877,270 has been recorded as of the acquisition date of March 13, 2013 pending completion of the valuation process.

The amounts of Sustainable Oils, LLC 's revenue and earnings included in the Company’s consolidated income statement for the three months ended March 31, 2013, and the revenue and earnings of the combined entity had the acquisition date been January 1, 2013 and January 1, 2012, are as follows:

	Revenue	Net Earnings (Losses)
Actual March 13, 2013 - March 31, 2013	$-	$-
2013 Supplemental pro forma from January 1, 2013 - March 31, 2013	$92,727	$(261,483)