Global Clean Energy Holdings, Inc.
Form 10-Q
January 05, 2015

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 June 30, 2014

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.)

2790 Skypark Drive, Suite 105
Torrance, California 90505
(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 o No x

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 December___, 2014, the issuer had 339,187,545 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
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$400,167	$216,531
Accounts receivable	14,830	38,559
Inventory	33,636	37,296
Other current assets	244,536	157,469
Total Current Assets	693,169	449,855
PROPERTY AND EQUIPMENT, NET	15,680,648	15,495,781
INTANGIBLE ASSETS, NET	3,858,618	3,972,950
OTHER NONCURRENT ASSETS	6,177	7,021
TOTAL ASSETS	$20,238,612	$19,925,607
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$3,793,272	$3,807,646
Accrued payroll and payroll taxes	1,233,420	1,170,223
Capital lease liability - current portion	825	818
Notes payable - current portion	1,363,736	1,376,000
Convertible notes payable	697,000	567,000
Total Current Liabilities	7,088,253	6,921,687
LONG-TERM LIABILITIES		
Accrued interest payable	3,790,264	3,154,826
Accrued return on noncontrolling interest	8,748,647	7,442,730
Mortgage notes payable	5,110,189	5,110,189
Total Long Term Liabilities	17,649,100	15,707,745
STOCKHOLDERS' 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;		

339,187,545 and 293,683,502 issued and outstanding	339,187	339,187
Additional paid-in capital	25,644,336	25,600,050
Accumulated deficit	(29,014,609)	(28,338,875)
Accumulated other comprehensive loss	(24,653)	(63,020)
Total Global Clean Energy Holdings, Inc. Stockholders' Deficit	(3,055,726)	(2,462,645)
Noncontrolling interests	(1,443,015)	(241,180)
Total Stockholders' Deficit	(4,498,741)	(2,703,825)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$20,238,612	$19,925,607

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

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the six months Ended June 30, 2014	For the six months Ended June 30, 2013
Revenue	$166,894	$15,460	$245,704	$103,940
Subsidy Income	962	33,368	962	50,515
Total Revenue	167,856	48,828	246,666	154,455
Operating Expenses				
General and administrative	583,310	681,024	1,075,666	1,241,163
Loss on sale of investment held for sale	-	178,896	-	178,896
Plantation operating costs	34,493	47,677	62,224	617,833
Total Operating Expenses	617,803	907,597	1,137,890	2,037,892
Loss from Operations	(449,947)	(858,769)	(891,224)	(1,883,437)
Other Income (Expenses)				
Other income	2	4	8	23
Interest expense	(344,951)	(241,651)	(601,984)	(458,406)
Foreign currency transaction gain (loss)	(0)	-	85	515
Net Other Income (Expenses)	(344,949)	(241,647)	(601,891)	(457,868)
Net Loss	(794,896)	(1,100,416)	(1,493,115)	(2,341,305)
Less Net Loss Attributable to the Noncontrolling Interest	(447,628)	(362,538)	(817,380)	(1,365,424)
Net Loss Attributable to Global Clean Energy Holdings, Inc.	$(347,268)	$(737,878)	$(675,735)	$(975,881)
Amounts attributable to Global Clean Energy Holdings, Inc. common shareholders:				
Net Loss	$(347,268)	$(737,878)	$(675,735)	$(975,881)
Basic and diluted Loss per Common Share:				
Net Loss per Common Share	$(0.0010)	$(0.0022)	$(0.0020)	$(0.0032)
Basic and diluted Weighted-Average Common Shares Outstanding	339,187,545	333,683,502	339,187,545	301,683,502

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

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

	For the six months ended June 30, 2014	2013
Operating Activities		
Net loss	$ (1,493,115)	$ (2,341,305)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign currency transaction gain	(85)	(515)
Share-based compensation	44,287	204,557
Write down of deferred growing cost	-	6,656
Write down of long lived assets	-	15,000
Loss on sale of investment held for sale	-	178,896
Depreciation and amortization	256,062	227,081
Changes in operating assets and liabilities:		
Accounts receivable	25,655	(3,000)
Inventory	3,713	5,503
Other current assets	(20,514)	48,096
Accounts payable and accrued expenses	658,343	571,765
Other noncurrent assets	260	6,627
Net Cash Used in Operating Activities	(525,394)	(1,080,639)
Investing Activities		
Plantation development costs	(212,956)	(789,435)
Purchase of property and equipment	-	(3,118)
Proceeds from sale of property and equipment	-	187,212
Net Cash Used in Investing Activities	(212,956)	(605,341)
Financing Activities		
Proceeds from issuance of preferred membership in GCE Mexico I, LLC	796,435	1,310,030
Proceeds from notes payable	130,000	-
Payments on capital leases and notes payable	(12,264)	(31,937)
Net Cash Provided by Financing Activities	914,171	1,278,093
Effect of exchange rate changes on cash	7,814	122,392
Net change in Cash and Cash Equivalents	183,635	(285,495)
Cash and Cash Equivalents at Beginning of Period	216,531	941,579
Cash and Cash Equivalents at End of Period	$ 400,166	$ 656,084
Supplemental Disclosures of Cash Flow Information:		
Cash (received)/paid for income tax	$ 1,029	$ (764)
Cash paid for interest	$ -	$ 1,282
Noncash Investing and Financing activities:		

Accrual of return on noncontrolling interest	$	1,305,917	$	1,220,324
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
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	2013	2014	2013
Net Loss	$(794,896)	$(1,100,416)	$(1,493,115)	$(2,341,305)
Other comprehensive income (loss)- foreign currency translation adjustment	(34,599)	(626,484)	45,885	262,100
Comprehensive Loss	(829,495)	(1,726,900)	(1,447,230)	(2,079,205)
Add net loss attributable to the noncontrolling interest	447,628	362,538	817,380	1,365,424
Add other comprehensive loss (income) attributable to noncontrolling interest	-	658,269	(7,518)	(220,741)
Comprehensive Loss Attributable to Global Clean Energy Holdings, Inc.	$(381,868)	$(706,093)	$(637,369)	$(934,521)

This summary of significant accounting policies is presented to assists the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are the representations of the Company's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Note 1 – History and Basis of Presentation

History

Global Clean Energy Holdings, Inc.(the "Company") 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.

Principles of Consolidation

The condensed consolidated financial statements, the ("financial statements") include the accounts of Global Clean Energy Holdings, Inc., its subsidiaries, and the variable interest entities of GCE Mexico I, LLC a Delaware limited liability company ("GCE Mexico"), and its Mexican subsidiaries (Asideros, Asideros 2 and Asideros 3). The financial statements include Sustainable Oils, Inc., a wholly owned subsidiary, from the acquisition date of March 13, 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.

Under ASC 810-10 the Primary Beneficiary is the party that has both of the following:

1. The power to make decisions regarding the activities that most significantly impact the success of the VIE, and

2. The obligation to absorb losses or rights to receive benefits of the entity that could potentially be significant to the VIE.

When multiple parties make decisions over different activities of the entity, only the party with power to direct the activities that most significantly impacts the entity's economic performance will have satisfied the first condition. Global Clean Energy Holdings, Inc. exercises complete operational control over GCE Mexico and its subsidiaries, as these rights were specifically granted to Global Clean Energy Holdings, Inc. under the GCE Mexico's Operating Agreement (the "LLC Agreement").

Global Clean Energy Holdings, Inc. satisfies the second condition because as owner of a 50% profits interest, Global Clean Energy Holdings, Inc. is expected to receive the benefits or the largest amounts of profits and cash distributions allocated by GCE Mexico. GCEH ownes 1% of Asideros 1, Asideros 2 and Asideros 3, and the balance is owned by GCE Mexico. Accordingly, GCEH owns 50.5% of Asideros 1, Asideros 2 and Asideros 3 either directly or through our common membership interest in GCE Mexico. The partners' right to receive a preferred return on their investment does not qualify as a “right to receive residual returns” of GCE Mexico.

The guidance also states that “in a multi-tiered legal-entity structure, a reporting entity should generally begin its evaluation at the lowest-level entity. Each entity within the structure should then be evaluated on a consolidated basis. The attributes and variable interests of the underlying consolidated entities become those of the parent company upon consolidation”.

GCE Mexico holds, directly, 99% of the voting interest in the subsidiaries pursuant to the Agency Agreement. GCEH’s rights as Manager of GCE Mexico and as the sole Director of the subsidiaries enables GCEH to conclude that these powers, together with the 50% membership interest in GCE Mexico, gives Global Clean Energy Holdings, Inc. a controlling financial interest and therefore is the primary beneficiary.

GCE MEXICO I, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (unaudited)	December 31, 2013
CURRENT ASSETS	463,013	339,900
PROPERTY AND EQUIPMENT, NET	15,063,497	14,911,720
OTHER NONCURRENT ASSETS	3,551	3,522
TOTAL ASSETS	$15,530,061	$15,255,142
CURRENT LIABILITIES	299,296	378,438
LONG-TERM LIABILITIES	17,278,317	16,297,060
TOTAL LIABILITIES	$17,577,613	$16,675,498

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying (a) condensed consolidated balance sheet at December 31, 2013 has been derived from audited statements and (b) the unaudited condensed consolidated financial statements as of June 30, 2014 and 2013 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, 2013, as filed with the Securities and Exchange Commission. The results of operations for the six months ended June 30, 2014, may not be indicative of the results that may be expected for the year ending December 31, 2014.

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 are 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. These costs will be recognized as a Cost of Good Sold in the period the revenue is recognized. Other general costs without expected future benefits are expensed when incurred.

Inventory

The Company uses the FIFO valuation method for its inventories, which consist almost entirely of finished goods. The Company records no inventories above their acquisition costs. There were no losses related to the valuation of inventory during the six months ended June 30, 2014.

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 June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Net Income (loss)	$(347,268)	$(737,878)	$(675,735)	$(975,881)
Basic Weighted-Average Common Shares Outstanding	339,187,545	333,683,502	339,187,545	301,683,502
Effect of dilutive securities				
Convertible preferred stock - Series B	-	-	-	-
Warrants	-	-	-	-
Options	-	-	-	-
Diluted Weighted-Average Common Shares Outstanding	339,187,545	333,683,502	339,187,545	301,683,502
Basic and diluted loss Per Common Share	(0.0010)	(0.0022)	(0.0020)	(0.0032)

The following instruments are currently antidilutive and have been excluded from the calculations of diluted income or loss per share at June 30, 2014, as follows:

	June 30,	
	2014	2013
Convertible notes	18,900,000	18,900,000
Convertible preferred stock - Series B	11,818,181	11,818,181

Warrants	3,083,332	24,585,662
Compensation-based stock options and warrants	72,645,311	69,208,483
	106,446,824	124,512,326

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.

Jatropha and Camelina biofuel revenue - The Company's long-term primary source of revenue currently is expected to 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. For the six months ended June 30, 2014, the Company had no material Jatropha or Camelina biofuel revenue.

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 each advisory contract.

Agricultural subsidies revenue - the Company receives agricultural subsidies from the Mexican government to supplement the farm development and planting of new trees. Due to the uncertainty of these payments, the revenue is recognized when the payments are received. We recognize these funds as revenue due to these payments being disbursed to supplement the Company's income and not as direct payments for any specified farming expense. For the six months ended June 30, 2014, the Company had limited subsidies revenue.

Long lived assets.

The Company regularly evaluates its property and equipment and other long-lived assets for impairment based on its classification as a) held for sale or b) to be held and used. Several criteria must be met before an asset is classified as held for sale, including that management with the appropriate authority commits to a plan to sell the asset at a reasonable price in relation to its fair value and is actively seeking a buyer. For assets held for sale, the Company recognizes the asset at the lower of carrying value or fair market value less costs to sell, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. For assets to be held and used, the Company reviews for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows, at an average growth rate of 30% after 2015, of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment is recorded based on the fair value of the asset, typically measured using a discounted cash flow model with a discount rate of 65%. The projected cash flows used in the companies impairment test is over a 15 year period using approved forecasts. The company's assumptions related to the growth rate and the cash flow discount rate is management's estimates based on historical trends in the farm development and growth in the yield from the trees.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for accounts receivable and payable approximate fair value because of the immediate or short-term maturity of these financial instruments. The carrying amounts reported for the various notes payable and the mortgage notes payable approximate fair value because the underlying instruments are at interest rates which approximate current market rates.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include a) those assumed in determining the valuation of common stock, warrants, and stock options, b) estimated useful lives of plantation equipment and plantation development costs, and c) undiscounted future cash flows for purpose of evaluating possible impairment of long-term assets. It is at least reasonably possible that the significant estimates used will change within the next year.

Foreign Currency

During 2014, the Company had operations located in the United States, Mexico and the Dominican Republic. For these foreign operations, the functional currency is the local country’s currency. Consequently, revenues and expenses of operations outside the United States of America are translated into U.S. dollars using weighted average exchange rates, while assets and liabilities of operations outside the United States of America are translated into U.S. dollars using exchange rates at the balance sheet date. The effects of foreign currency translation adjustments are included in equity (deficit) as a component of accumulated other comprehensive loss in the accompanying consolidated financial statements. Foreign currency transaction adjustments are included in other income (expense) in the Company's results of operations.

The Company has not entered into derivative instruments to offset the impact of foreign currency fluctuations.

Stock Based Compensation

The Company recognizes compensation expense for stock-based awards expected to vest on a straight-line basis over the requisite service period of the award based on their grant date fair value. The Company estimates the fair value of stock options using a Black-Scholes option pricing model which requires management to make estimates for certain assumptions regarding risk-free interest rate, expected life of options, expected volatility of stock and expected dividend yield of stock.

Comprehensive Income

In June 2011, the FASB issued authoritative guidance requiring entities to report components of other comprehensive income in either a single continuous statement or in two separate, but consecutive statements of net income and other comprehensive income. The company has included a consolidated statement of comprehensive income for the six months ended June 30, 2014 and 2013.

New Account Guidelines

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements - Going Concern." The amendments in this update provide guidance in U.S. GAAP about management's responsibilities to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The main provision of the amendments are for an entity's management, in connection with the preparation of financial statements, to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known or reasonably knowable at the date the consolidated financial statements are issued. When management identifies conditions or events that raise substantial doubt about an entity's ability to continue as a going concern, the entity should disclose information that enables users of the consolidated financial statements to understand all of the following: (1) principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern (before consideration of management's plans); (2) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations; and (3) management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern or management's plans that are intended to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. The amendments in this update are effective for interim and annual reporting periods after December 15, 2016 and early application is permitted. The Company is currently assessing this guidance for future implementation.

Note 2 – Going Concern Considerations

The accompanying 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 losses from operations applicable to its common shareholders of $675,735 and $975,881 for the six months ended June 30, 2014, and 2013, respectively, and has an accumulated deficit applicable to its common shareholders of $29,014,609 at June

30, 2014. The Company also used cash in operating activities of $525,393 and $1,080,638 during the years ended June 30, 2014 and 2013, respectively. At June 30, 2014, the Company has negative working capital of $6,395,084. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company commenced its 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 operations, the Company has received $21,955,826 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 through June 30, 2014. 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 acquired 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. In October 2011, the Company formed Asideros 3, a Mexican Corporation, which has acquired land in Mexico close to the land acquired by Asideros 1 and Asideros 2. All of these transactions are described in further detail in the remainder of the notes.

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 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 $796,435 and $1,310,030 during the six months ended June 30, 2014 and 2013, respectively, and total contributions of $21,955,826 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 by $1,305,917, and $1,220,324 during the six months ended June 30, 2014 and 2013, respectively, and totals $8,748,647 at June 30, 2014.

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.

Note 4 – Property and Equipment

Property and equipment are as follows:

	June 30, 2014	December 31, 2013
Land	$ 4,550,210	$ 4,512,630
Plantation development costs	10,595,936	$ 10,311,286
Plantation equipment	1,711,880	$ 1,510,878
Office equipment	109,643	$ 299,755
Total cost	16,967,667	16,634,549
Less accumulated depreciation	(1,287,019)	(1,138,768)
Property and equipment, net	$ 15,680,648	$ 15,495,781

Note 5 – Intangible Assets

In March 2013, the Company purchased certain intangible assets related to the commercial production of Camelina. See further discussion on acquisition in Note 9. The intangible assets include three 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.

Amortization is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 17 years. Any future costs associated with the maintenance of these patents with indefinite lives will be capitalized and not amortized. The intangible assets as of the year ended June 30, 2014 is shown in the following table:

	June 30, 2014	December 31, 2013
Intangible Assets	4,168,841	$4,168,841
Less accumulated amortization	(310,223)	(195,891)
Intangible Assets, net	$3,858,618	$3,972,950

Note 6 – Debt

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 June 30, 2014 and 2013. The notes originated in 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled $54,185 and $51,074, respectively at June 30, 2014 and 2013, respectively. The company is currently in discussions with the lender related to the accrued interest balance as of June 30, 2014,

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 have been extended until March 15, 2015. Interest accrues on the convertible notes at a rate of 5.97% per annum, and is payable quarterly in cash, in arrears, on each year 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.

In January 2014, the Company entered into a securities purchase agreement with the third party investors pursuant to which the Company issued senior unsecured contingently convertible promissory notes in the original aggregate principal amount of $130,000 and warrants to acquire an aggregate of 1,083,332 shares of the Company's common stock. Interest accrues on the convertible notes at a rate of 8% per annum, and is payable quarterly in cash, in arrears, on each year anniversary of the issuance of the convertible notes. 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 Sustainable Oils's common stock at a conversion price equal to $0.01448, subject to change based on Sustainable Oils receiving alternative consideration from another investor. The conversion price may be adjusted in connection with stock splits, stock dividends and similar events affecting the Sustainable Oils's capital stock. The relative fair value of the warrants was considered insignificant.

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. for certain Camelina assets. The purchase occurred concurrently with 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"). In September 2014, the Company amended the note by extending the maturity date to December 31, 2014 and returning the certain Camelina assets to Targeted

Growth, Inc. at the book value of $190,500. Thus, the outstanding balance of the note was reduced by the value of the assets returned for the same book value of $190,500. 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. The Company is currently in discussions with Targeted Growth, Inc. to re-negotiate the terms of the Promissory Note.

Note 7 – Stock Options and Warrants

Stock Options and Compensation-Based Warrants

The Company has an incentive stock option plan wherein 40,000,000 shares of the Company’s common stock are reserved for issuance thereunder.

A summary of the status of options and compensation-based warrants at June 30, 2014, and changes during the six 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, 2013	69,375,311		0.02	6.6 years		-
Granted	3,700,000		0.01			
Exercised	-		-			
Forfeited	(350,000)		0.02			
Expired	(80,000)		0.25			
Outstanding at June 30, 2014	72,645,311		0.02	8.3 years	$	27,872
Vested and Expected to Vest at June 30, 2014	53,468,233	$	0.02	2.7 years	$	21,347

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. Options to purchase 3,700,000 shares of common stock were issued in the six months ended June 30, 2014. The weighted average fair value of stock options issued during the six months ended June 30, 2014 as $0.011. The weighted-average assumptions used for the stock options granted and compensation-based warrants issued during the six months ended June 30, 2014 were risk-free interest rate of 0.77%, volatility of 175%, expected life of 8.3 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 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 June 30, 2014 closing price of $0.011 per share.

Share-based compensation from all sources recorded during the six months ended June 30, 2014 and 2013 was approximately $44,287 and $204,557, respectively, and is reported as general and administrative expense in the accompanying condensed consolidated statements of operations. As of June 30, 2014, there is approximately $118,752 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 0.89 years.

Stock Warrants

A summary of the status of the warrants outstanding at June 30, 2014, and changes during the six months 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, 2013	2,000,000	0.01	9.24 years	$ 20,000
Issued	1,083,332	0.012	2.51 years	-
Exercised	-			
Expired	-			
Outstanding at June 30, 2014	3,083,332	0.0117	6.56 years	-

Note 8 - 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.

For accounting purposes, the acquisition of the Camelina Assets and all of the membership interests of Sustainable Oils, LLC is treated as the acquisition of Sustainable Oil's business. The amounts of Sustainable Oils, Inc.'s revenue and earnings included in the Company's consolidated income statement for the six months ended June 30, 2014 and 2013, and the pro forma revenue and earnings of the combined entity had the acquisition date been January 1, 2013, are as follows:

	Revenue	Net Losses
2013 Supplemental pro forma from January 1 - June 30, 2013	$154,455	$(975,881)

The foregoing pro forma data is subject to various assumptions and estimates, and is presented for informational purposes only. This pro forma data does not purport to represent or be indicative of the consolidated operating results that would have been reported had the transaction been completed as described herein, and the data should not be taken as indicative of future consolidated operating results.

Note 9 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, a hierarchy has been established by generally accepted accounting principles which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

As of June 30, 2014 and 2013, the Company does not have any assets or liabilities measured at fair value on a recurring basis.

Note 10 – Subsequent Event

On July 1, 2014, the Company entered into a Technical Services agreement with two distinct components and scope for a total contracted price of $924,687. The two components are (1) the Company will complete a comprehensive feasibility and financial analysis on the business and economic viability of an expanded Caribbean Energy farm for a contracted fee of $367,598, and; (2) the Company will independently develop and operate a certified germplasm nursery over a 12 month period for a contracted fee of $557,089.

ITEM 2. MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including our plans to cultivate, produce and market non-food based feedstock for applications in the bio-fuels market, any projections of the date and amount of our Jatropha or Camelina harvests, forecasts regarding our revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the ne thereof or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Introductory Comment

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this Quarterly Report. The information contained in this Quarterly Report on Form 10-Q is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Quarterly Report and in our other reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which discuss our business in greater detail.

Throughout this Quarterly Report on Form 10-Q, the terms "GCEH," "we," "us," "our," and "our company" refer to Global Clean Energy Holdings, Inc., a Delaware corporation and, unless the context indicates otherwise, also includes all of this company's U.S. and foreign wholly-owned subsidiaries through which this company conducts certain of its operations. To the extent applicable, depending on the context of the disclosure, the terms "we," "us," "our," and "our company" may also include GCE Mexico I, LLC, a Delaware limited liability company that we manage, and in which we own 50% of the common membership interests, and our wholly owned subsidiary, Sustainable Oils, Inc., a Delaware Corporation, as well as our other subsidiaries.

Global Clean Energy Holdings, Inc. is not related to, or affiliated in any manner with "Global Clean Energy, Inc.", an unaffiliated public company. Readers are cautioned to confirm the entity that they are evaluating or in which they are making an investment before completing any such investment.

Overview

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. We have full service in-house development and operations capabilities, which we provide support to our own energy farms and to third parties. With international experience and capabilities in eco-friendly biofuel feedstock management, cultivation, production and distribution, we believe that we are well suited to scale our existing business.

Since 2007, our business focus has been on the commercialization of non-food based oilseed plants and biomass. We began with the development of farms growing Jatropha curcas ("Jatropha") - a non-edible plant indigenous to many tropical and sub-tropical regions of the world, including Mexico, the Caribbean and Central America. On March 13, 2013, we acquired Sustainable Oils, LLC, a Delaware limited liability company that has extensive experience in the development and farming of Camelina as an energy crop. In that acquisition, we also acquired certain intellectual property, including issued patents, related to Camelina production. As a result of the acquisition, our biofuels operations have expanded into the development of Camelina sativa ("Camelina") – an annual plant from the brassica family traditionally grown in northerly regions of the United States, Europe and Asia. We have focused on these two plants primarily because we feel they are complementary to one another, have the potential to produce oil seed crops economically, they generally require less water and fertilizer than many conventional crops, and can be grown on land that is normally unsuitable for food production or is fallow or idle due to crop rotation. Both Jatropha and Camelina oil are high-quality plant oils used as direct substitutes for fossil fuels and as feedstock for the production of high quality biofuels and other bio-based products. Both crops have been tested and proven to be highly desirable feedstocks capable of being converted into ASTM approved fuels. The term "biofuels" refers to a range of biological based fuels including bio-kerosene (a.k.a bio-jet fuel) biodiesel, renewable diesel, green diesel, synthetic diesel and biomass, all of which have environmental benefits that are the major driving force for their adoption. Using biofuels instead of fossil fuels reduces net emissions of carbon dioxide and other green-house gases, which are associated with global climate change. Both Jatropha and Camelina oil can also be used as a chemical feedstock to replace fossil and non-food based products that use edible oils in their manufacturing or production process. The residual material derived from the oil extraction process is called press-cake or meal, which in the case of Jatropha is a high-quality biomass that has been proven and tested as a replacement for a number of fossil-based feedstocks, fossil fuels and other high value products such as renewable charcoal, fertilizers, and animal feed. Camelina meal is high in Omega3 and has already been approved by the FDA as a livestock (animal) feed or enhancement in the United States.

Our business plan and current principal business activities include the planting, cultivation, harvesting and processing of these oil seed plants to generate plant based oils and biomass for use as replacements for fossil fuels and other high value products. Our strategy is to leverage our agriculture and energy knowledge, experience and capabilities through the following means:

- Own and operate biofuel energy farms for our own account.
- Own, operate and manage farms in a joint venture (JV) with either strategic partners or financial investors. We currently own three and six Jatropha farms in Mexico under such joint ownership arrangements:
- Contract with third party farmers (such as wheat and barley farmers) for the farming of significant acreage of Camelina sativa on their idle land which is in rotation with their other crops in the United States and many parts of Europe.
- Produce and sell certified Camelina seed (which seed is based upon our patented, high-yielding elite varieties) to farmers in the United States and internationally.
- Provide energy farm development and management services to third party owners of biofuel energy farms and to non-energy farmers looking to utilize energy crops in rotation or inter-cropped with their existing crops. Provide advisory services to farmers wishing to certify their farms under international sustainability or carbon certification standards, specifically the Roundtable on Sustainable Biomaterials (RSB) and Gold Standard Verified Emission Reductions (GS-VERs). We are currently managing a Jatropha farm in the Caribbean under a contract with a third party who wishes to significantly expand to provide large volumes of plant based oil and biomass to fuel their industrial process.
- Provide turnkey franchise operations for individuals and/or companies that wish to establish purpose specific energy farms in suitable geographical areas.

The development of agricultural-based energy projects, like plant oil and related biomass, may produce carbon credits through the sequestration (storing) of carbon and the displacement of fossil-based fuels. Accordingly, in addition to generating revenues from the sale of non-food based plant oils and biomass, we are seeking to certify our farms, where practical, to generate and monetize carbon credits. See, "Business-Carbon Credits," below.

Organizational History

This company was originally incorporated under the laws of the State of Utah on November 20, 1991. On July 19, 2010, we changed the state of our incorporation from Utah to Delaware. Our principal executive offices are located at 2790 Skypark Drive, Suite 105, Torrance, CA 90505, and our current telephone number at that address is (310) 641-GCEH (4234). We maintain a website at: www.gceholdings.com. Our annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and other information related to this company are available on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Sustainable Oils subsidiary also maintains a website at www.susoils.com. Our Internet websites and the information contained therein, or connected thereto, are not and are not intended to be incorporated into the Annual Report on Form 10-K at December 31, 2013 or into this quarterly report on Form 10-Q.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States require management to make estimates and assumptions that affect the reported assets, liabilities, sales and expenses in the accompanying financial statements. Critical accounting policies are those that require the most subjective and complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain.

Agricultural Producer. All costs incurred including the actual planting of Jatropha 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 and are included in “Deferred Growing Costs” on the balance sheet. Other general costs without expected future benefits are expensed when incurred.

Certain other critical accounting policies, including the assumptions and judgments underlying them, are disclosed in Note 1 to the Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Results of Operations

Revenues. During the three and six months ended June 30, 2014 and 2013 we recognized revenue of $167,856 and $246,666, respectively, as compared with $48,828 and $154,455 for the same periods in 2013. The revenues that we generated in 2014 and 2013 were derived from Jatropha related advisory services we rendered to third parties and a small amount of government subsidies in 2013. Revenues received from agricultural subsidies and from the sale of Jatropha products are paid to our GCE Mexico I, LLC subsidiary and are used in its operations in Mexico. Revenues we generate from Jatropha advisory services and from Camelina operations are used for this company’s operations.

In the short term, our goal is to increase the amount of advisory and management services that we render to third parties in order to generate revenues to fund our corporate working capital needs, and to generate Camelina-related revenues from the Camelina business that we acquired in March 2013. Our Camelina operations are expected to generate revenues from the sale of Camelina seeds, the sale of Camelina oil, and the sale of the Camelina biomass for use as feed for livestock. In the longer term, our goal is to substantially increase the revenues derived from the operations of our Jatropha farms, to rapidly ramp up our Camelina operations by increasing the amount of Camelina acreage under plantation in North America, and to continue to generate fees from advisory services that we render to third parties. We anticipate that revenues for the remainder of 2014 will increase due the sale of renewable charcoal from the restart and scale-up of our biomass processing project in Mexico.

General and Administrative Expenses. During the three and six months ended June 30, 2014 and 2013 we recognized general and administrative expenses of $583,310 and $1,075,666, respectively, as compared with $681,024 and $1,241,163 for the same periods in 2013. General and administrative expenses principally consist of officer compensation, outside services (such as legal, accounting, and consulting expenses), share-based compensation, and other general expenses (such as insurance, occupancy costs and travel).

Plantation (Farm) Operating Costs. For the three and six months ended June 30, 2014 and 2013, we recorded Plantation Operating Costs from the operations of the farms of $34,493 and $62,224, respectively as compared with $47,677 and $617,833. The decrease was mostly due to scaling back the planting of new Jatropha trees at our Mexico farms.

Other Income/Expense. Interest expense for the three and six months ended June 30, 2014 increased slightly from the same periods in 2013 due to larger outstanding principal balances.

Net loss attributable to the non-controlling interest. Our Mexico farm operations are owned through GCE Mexico I, LLC, a Delaware limited liability company ("GCE Mexico"). We own 50% of the common membership interests of GCE Mexico and one investor currently owns the other 50% of the common membership interests. The proceeds from the sale of the preferred membership units, and from subsequent capital contributions, have been used to fund the operations of Asideros Globales Corporativo 1 ("Asideros 1") and Asideros Globales Corporativo 2 ("Asideros 2"), each of which have acquired land in Mexico that, collectively, constitute our first two Jatropha farms. Asideros Globales Corporativo 3 (“Asideros 3”) acquired our third farm in October 2011, but had no impact on the results of our operations. GCEH directly owns 1% of Asideros 1, Asideros 2 and Asideros 3, and the balance is owned by GCE Mexico. Accordingly, we own 50.5% of Asideros 1, Asideros 2 and Asideros 3 either directly or through our common membership interest in GCE Mexico. As such, our consolidated financial statements include the accounts of the Asideros farm entities. Under GCE Mexico’s LLC Agreement, the net loss allocated from these entities to GCE Mexico is then further allocated to the members of GCE Mexico according to the investment balances. Accordingly, since the common membership interest did not make a capital contribution, all of the losses allocated to GCE Mexico have been further allocated to the preferred membership interest. The net loss attributable to the non-controlling interest in the accompanying Consolidated Statement of Operations represents the allocation of the net loss of GCE Mexico to the preferred membership interests.

Net income/loss attributable to Global Clean Energy Holdings, Inc. The Company recorded net losses of $347,269 and $675,735 for the three and six months ended June 30, 2014, respectively as compared with $737,878 and $975,881 in the same periods of 2013. The amount of advisory and management services that we render at the corporate level, the amount of revenues generated from our Jatropha farms in Mexico, and on the amount of revenues we generate from our new Camelina operations increase our ability to generate net income in the future. In addition to incurring farm operating expenses in Mexico for our Jatropha operations, we will continue to accrue interest expense on the mortgages that encumber the Tizimin, Mexico, farms. We anticipate that we will generate new revenues from our Camelina operations and that revenues from our Jatropha farm operations will increase.

Liquidity and Capital Resources

As of June 30, 2014, we had $400,167 in cash or cash equivalents and had a working capital deficit of $6,395,084, as compared with $216,531 in cash and a working capital deficit of $5,192,936 as of December 31, 2013.

The amount of cash or cash equivalent balances held at June 30, 2014 represents cash held in our corporate accounts and our joint venture accounts. Of these amounts, only $42,394 may be used for our general corporate purposes, with the remaining balance anticipated to be used in the operations of the Tizimin, Mexico farms owned by the GCE Mexico I, LLC joint venture. As a result, the GCE Mexico I, LLC funds will not be available to us for our corporate working capital or other purposes, and are not available to us to reduce our indebtedness. In order to fund our short-term working capital needs, we will have to obtain additional funding from the sale of assets, the sale of additional securities, additional borrowings, or from an increase in operating revenues. Outstanding indebtedness at June 30, 2014 totaled $24,737,354. The existence of the foregoing working capital deficit and total current and long term liabilities may negatively impact our ability to obtain future equity or debt financing and the terms on which such additional financing, if available, can be obtained. We incurred losses of $347,269 and $675,735 for the three and six months ended June 30, 2014, respectively, as compared to $737,878 and $975,881, and have an accumulated deficit applicable to its common shareholders of $29,014,609 at June 30, 2014.

On July 1, 2014, the Company entered into a Technical Services agreement with two distinct components and scope for a total contracted price of $924,687. The two components are (1) the Company will complete a comprehensive feasibility and financial analysis on the business and economic viability of an expanded Caribbean Energy farm for a contracted fee of $367,598, and; (2) the Company will independently develop and operate a certified seed nursery over a 12 month period for a contracted fee of $557,089. The purpose of our advisory client funding the certified seed nursery is that they anticipate that, with approval of a feasibility report, financing will be provided for the development of a 25,000 acre Jatropha project. We anticipate that that we will continue to receive advisory service fees in the near term, although the amount of such fees will depend on our ability to enter into new agreements. The amount of cash on hand and the advisory service clients may be sufficient to fund our working capital needs for the next twelve months.

Our business plan contemplates that we will (i) continue to develop our Jatropha business and operations, which includes replanting portions of our existing farms in Mexico (including developing and cultivating our third Jatropha farm in Mexico), and (ii) diversify our biofuel energy crop revenues from new revenues generated by our new Camelina operations, as follows:

Farming Operations. Because Jatropha is such a novel crop, our Jatropha operations are still considered to be in the development stage even though we have planted significant amounts of land over the past years. To date, revenues from our Jatropha farms located in Mexico have not met our initial expectations for various reasons, including increased disease pressure, dramatic variations in weather and under-performance of certain varieties. We have been addressing these issues and we anticipate that revenues from the Jatropha farms we currently own through our GCE Mexico I, LLC joint venture in Mexico will increase during the next 12 months and continue to increase and become more significant thereafter. The operational expenses of the Jatropha farms in

Mexico are substantial and exceed the amount of revenues that the farms are expected to generate from operations this year. Our Partner in GCE Mexico has approved the 2014 operating budget and has committed to funding the cash requirements for the 2014 operating expenses of GCE Mexico. Based on these assurances, we anticipate that we will have sufficient funds to operate our Mexico farms in 2014. In addition, the Mexican government has issued a permit to re-commence the processing and sale of charcoal. We have already begun shipping product. Sales of charcoal are expected to partially offset or operating expenses in Mexico. No assurance can, however, be given that the costs of operating the Mexico farms will not exceed our budget, or that our GCE Mexico investor will, in fact, fund the budgeted amounts.

Even if operations of the three Jatropha farms owned through GCE Mexico improve during the next year as expected and, therefore, that the joint venture will generate revenues, we do not project that any cash distributions will be made to Global Clean Energy Holdings, Inc. for several years. Under our agreements with our GCE Mexico investors, all net cash generated from the Jatropha operations that are conducted through GCE Mexico must first be used to fund the operations of those farms, and any excess must thereafter be used to repay the capital contributed by our joint venture investors (plus their preferred return). The total amount of capital and the preferred return that must be paid to our joint venture investors before funds are distributed to us currently is in excess of $29,000,000 as of June 30, 2014. As a result, the improving operations of the Mexico farms will not produce short-term cash or improve our liquidity, nor will the improving operations of the Mexico farms generate funds that we can use for our business plan, for working capital purposes, or for the acquisition of additional Jatropha or other biofuel feedstock farms. Because of our negative working capital position, we currently do not have the funds necessary to acquire and cultivate additional Jatropha farms for our own account. Accordingly, in order to increase our farm ownership and operations, we will have to obtain significant additional capital through the sale of equity and/or debt securities, the forward sale of Jatropha oil or from other financing activities, such as debt financing, strategic partnerships and/or joint ventures.

Camelina Operations. In March 2013, we acquired the business and assets of Sustainable Oils, LLC, a company that has been engaged in developing Camelina products since 2007. Sustainable Oils has generated over $20 million in revenues during the past three years, but has incurred a loss of approximately $5.8 million during that time. The new Camelina operations will require a significant amount of additional cash to scale up its operations and to reach profitable operations. We will operate the Camelina business that we acquired through a subsidiary Sustainable Oils LLC, which we capitalized with the Sustainable Oils intellectual properties and operating assets that we recently purchased. Furthermore, our goal is to fund the operations and expansion of the Camelina operations with new debt or equity that we are in the process of raising specifically for the Camelina subsidiary. We have been in discussions with a number of sources for the additional funding, but we have not entered into any binding arrangements for the desired amount of new funding. No assurance can be given that we will obtain the additional capital necessary to operate and grow our new Camelina operations. In the event that we do not obtain the necessary amount of financing to properly operate and scale up our new Camelina operations, those operations are expected to continue to operate at a loss.

As partial consideration for the Camelina assets that we purchased in March 2013, we issued a $1,300,000 promissory note. The promissory note bears simple interest at the 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 a Qualified (equity) Funding; or (b) September 13, 2014 and has been extended to December 31, 2014. The term "Qualified Funding" means all equity funding in excess of the $800,000, in the aggregate, received by us for our Camelina business. Our obligations under the promissory note are secured by a first priority lien on certain tangible assets included in the purchase of the Camelina assets. The promissory note is a full recourse obligation. However, the holder of the promissory note has agreed that if the holder has to pursue the collection of amounts due under the promissory note, the holder will not seize or take any action to collect any amounts due and owing against any of the Company's assets (including its cash) related to a line of business other than the Camelina business. In September 2014, we renegotiated the terms of the note and agreed to return certain tangible assets that constituted the collateral under the promissory note to the holder of the promissory note in exchange for a reduction of the amount owed under the promissory note and an extension of the maturity date to December 31, 21014. The promissory note is no longer secured by any tangible assets.

Other Potential Source of Liquidity. We are entitled to receive royalty payments from the legacy pharmaceutical assets we sold in 2009 to Curadis GmbH. In February 2012, Curadis GmbH informed us that it has licensed certain of the technologies that we sold to it, and, as a result that we will be receiving a royalty of 4.5% of all net sales of products sold using the licensed technology. Certain of the intellectual property that we sold to Curadis will revert to us if royalties from those assets do not exceed 300,000 euros by December 31, 2014. In 2013, we received $903 from Curadis under this new licensing arrangement and none in 2014.

We presently do not have any available credit, bank financing or other external sources of liquidity. In the absence of additional outside funding (including proceeds from the sale of our securities, or entering into other joint venture relationships), we do not have the ability to expand our business or acquire additional Jatropha or other biofuel feedstock farms. If we issue additional equity or debt securities to fund our future capital needs, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. Should we not be able to increase the amount of revenues we receive from our advisory services and/or raise additional debt or equity funding, we will have to materially scale back our current and proposed operations or take other actions to preserve our on-going operations.

Inflation and changing prices have had no effect on our continuing operations over our two most recent fiscal years.

We have no off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file with, or submit to, the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our chief executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive and financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our chief executive and financial officers concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

From time to time, the Company may become a party to other legal actions and complaints arising in the ordinary course of business, although it is not currently involved in any such legal proceedings.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

31.1	Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of2002
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

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

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December __, 2014
GLOBAL CLEAN ENERGY HOLDINGS, INC.

By: /s/ RICHARD PALMER
Chief Executive Officer

By: /s/ DONNA REILLY
Chief Financial Officer