

Global Clean Energy Holdings, Inc.
Form 10-K/A
December 02, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

- ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 0-12627

GLOBAL CLEAN ENERGY HOLDINGS, INC.
(Exact name of Small Business Issuer as specified in its charter)

Utah
(State or other jurisdiction
of
incorporation or
organization)

87-0407858
(I.R.S. Employer
Identification Number)

6033 W. Century Blvd,
Suite 895,
Los Angeles, California 90045
(Address of principal executive
offices)

(310) 641-4234
Issuer's telephone number:

Securities registered under Section 12(b) of the Act: None.

Securities registered under Section 12(g) of the Act: Common Stock, no par value.

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein and, will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|--|--|---|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> |
| | (Do not check if a smaller reporting company) | | |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2008 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$8,865,000.

The outstanding number of shares of common stock as of April 8, 2009 was 229,381,338, which includes 4,567,519 shares of common stock currently held in escrow.

Documents incorporated by reference: None

EXPLANATORY NOTE

We are filing this amendment (this “Amendment”) to our Annual Report on Form 10-K for the year ended December 31, 2008 (our “Annual Report”) to reflect changes made in response to comments received by us from the Staff of the Securities and Exchange Commission (the “SEC”) in connection with the Staff’s review of our Annual Report. We are only filing the items of our Annual Report that have been revised in response to the Staff’s comments and all other information in our Annual Report remains unchanged. Accordingly, the Amendment should be read in conjunction with our Annual Report. Unless otherwise provided, all information contained in this Amendment is as of April 15, 2009, the original filing date of our Annual Report. This Amendment does not reflect events that have occurred after the filing of the Annual Report and does not modify or update the disclosure therein in any way other than as required to reflect the matters set forth herein.

The only changes to our Annual Report are in Item 9A(T) “Controls and Procedures” and in the financial statements and exhibits filed as part of Item 15 “Exhibits and Financial Statement Schedules.” In Item 9A(T) we have revised our disclosure to more clearly present the conclusions of our principal executive, principal financial and principal accounting officers regarding the effectiveness of our disclosure controls and procedures in our Mexico subsidiary.

We have amended the exhibits filed as part of the Annual Report to include the following two additional agreements: (i) Limited Liability Company Agreement of GCE Mexico I, LLC, and (ii) Service Agreement between this company and Corporativo LODEMO S.A DE CV. The financial statements included in Item 15 have been modified (i) to mark as unaudited the information included in the Consolidated Statements of Operations and Cash Flows which is designated as “From Inception of the Development Stage on November 20, 1991 through December 31, 2008,” (ii) to mark as unaudited the information included in the Consolidated Statements of Changes in Stockholders’ Deficit for the Period from November 20, 1991 (Date of Inception of the Development Stage) through December 31, 2006, (iii) to remove all language from the Report of Independent Registered Public Accounting Firm referring to the periods prior to the year ended December 31, 2007 and to the reports of other auditors, and (iv) to clarify certain disclosures in the Notes to Consolidated Financial Statements regarding our Principles of Consolidation as they pertain to Asideros Globales Corporativo and GCE Mexico I, LLC.

Pursuant to the rules of the SEC, currently dated certifications from our principal executive and principal financial officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, are filed or furnished herewith, as applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Financial Statements are referred to in Item 15, listed in the Index to Financial Statements and filed and included elsewhere herein as a part of this Annual Report on Form 10-K/A.

ITEM 9A(T). CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures which are designed to ensure that the information required to be disclosed in the reports it files or submits under the Securities Exchange Act of 1934 (as amended, the "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 the Chief Executive Officer and the Chief Financial Officer ("Certifying Officers"), to allow timely decisions regarding required financial disclosures.

In connection with the preparation of this Annual Report, our Certifying Officers evaluated the effectiveness of management's disclosure controls and procedures, as of December 31, 2008, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on that evaluation, the Certifying Officers concluded that management's disclosure controls and procedures were not effective as of December 31, 2008.

Material Weakness in Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 15d-15(f) under the Exchange Act, and for assessing the effectiveness of internal control over financial reporting.

Internal control over financial reporting is intended to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of our assets that could have a material effect on our financial statements.

Management, with the participation of our principal executive and financial officers, conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management concluded that, as of December 31, 2008, our internal control over financial reporting was not effective.

Based on our evaluation of our internal control over financial reporting in our Mexico subsidiary, we have determined that we currently have inadequate controls over the accounting functions in Mexico and over cash management in Mexico. However, management does not believe that this material weakness resulted in any material misstatements in our financial condition for the current reporting period. Management is attempting to implement new controls to improve both of these deficiencies. The deficiencies consist of controls over the disbursement of cash from our accounts in Mexico and the proper categorization of such expenses for accounting purposes. The Company has begun to take appropriate steps to remediate these weaknesses as follows: The Company recently established new bank accounts in Mexico that require dual control of two persons for most disbursements. The Company has required that the Company be promptly notified of these disbursements for control and categorization purposes. Furthermore, we

are commencing the implementation of procedures for remote real time access by the Company U.S. executives to bank accounts in Mexico. Accordingly, each disbursement will be able to be monitored in the U.S. to ensure proper use and to properly record such disbursements. The Company expects to complete the implementation of real time monitoring in the second half of 2009, assuming financial resources are available. The effectiveness of our internal controls following our remediation efforts will not be known until we test those controls in connection with management's tests of internal control.

Our Board of Directors believes that, with the exception of the issues identified relating to our operations in Mexico, our system of internal controls, disclosure controls and procedures are adequate to provide reasonable assurance that the information required to be disclosed in the our interim and annual reports is recorded, processed, summarized, and accurately reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our Board of Directors, the Audit Committee, management, including our certifying officers, as appropriate, to allow for timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Audit Committee cannot be certain that its remediation efforts will sufficiently cure management's identified material financial reporting weaknesses. Furthermore, the Audit Committee has not tested the operating effectiveness of the remediated controls, since the process is not yet complete. However, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

Except as reported above in this Item 9, there was no change in our internal control over financial reporting during the most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The Company's financial statements and related notes thereto are listed and included in this Amendment No. 1 to Annual Report beginning on page F-1. The following documents are furnished as exhibits to this Form 10-K/A. Exhibits marked with an asterisk are filed herewith. The remainder of the exhibits previously have been filed with the Commission and are incorporated herein by reference.

| Number | Exhibit |
|--------|--|
| 3.1 | Amended and Restated Articles of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, and incorporated herein by reference). |
| 3.2 | Amended Bylaws of the Company (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, and incorporated herein by reference). |
| 4.1 | Certificate of Designations of Preferences and Rights of Series A Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit 4.1 to Registration Statement No. 333-121635 filed on Form SB-2 on December 23, 2004, and incorporated herein by reference). |
| 4.4 | Amendment to Certificate of Designations of Preferences and Rights of Series A Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit 4.2 to Registration Statement No. 333-121635 filed on Form SB-2 on December 23, 2004, and incorporated herein by reference). |
| 4.5 | Certificate Of Designation of Preferences and Rights Series B Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 13, 2007, and incorporated herein by reference) |
| 10.1 | 2002 Stock Incentive Plan adopted by the Board of Directors as of July 11, 2002 (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2002, and incorporated herein by reference). |
| 10.2 | Sale and Purchase Agreement between Attorney Hinnerk-Joachim Müller as liquidator of Savetherapeutics AG i.L. and Medical Discoveries, Inc. regarding the purchase of the essential assets of Savetherapeutics AG i.L. (filed as Exhibit 2.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and incorporated herein by reference). |
| 10.3 | Share Exchange Agreement dated September 7, 2007 among Medical Discoveries, Inc., Richard Palmer, and Mobius Risk Group, LLC (filed as Exhibit 2.2 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference) |
| 10.4 | Definitive Master Agreement dated as of July 29, 2006, by and between MDI Oncology, Inc. and Eucodis Forschungs und Entwicklungs GmbH (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 3, 2006, and incorporated herein by reference) |
| 10.5 | Loan and Security Agreement, dated September 7, 2007, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference). |
| 10.6 | |

Note Amendment And Maturity Date Extension, dated January 12, 2009,
between the Company and Mercator Momentum Fund III, L.P.**

- 10.7 Consulting Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Mobius Risk Group, LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
-

| | |
|-------|---|
| 10.8 | Employment Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Richard Palmer (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference) |
| 10.9 | Release and Settlement Agreement dated August 31, 2007 between Medical Discoveries, Inc. and Richard Palmer (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference) |
| 10.10 | Release and Settlement Agreement, dated as of October 19, 2007, by and among the Company, on the one hand, and Mercator Momentum Fund, LP, Monarch Pointe Fund, Ltd., and Mercator Momentum Fund III, LP, on the other hand. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference) |
| 10.11 | Form of Warrant (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference) |
| 10.12 | Securities Purchase Agreement, dated as of November 6, 2007, by and among Medical Discoveries, Inc. and the Purchasers (as defined therein) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 13, 2007, and incorporated herein by reference) |
| 10.13 | Employment Agreement dated March 20, 2008 between Global Clean Energy Holdings, Inc. and Bruce K. Nelson (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 7, 2008, and incorporated herein by reference) |
| 10.14 | Exchange Agreement, effective April 18, 2008, by and between Global Clean Energy Holdings, Inc., on the one hand, and Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., and Monarch Pointe Fund, Ltd. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 24, 2008, and incorporated herein by reference) |
| 10.15 | Amendment to Loan and Security Agreement, dated September 7, 2007, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-QSB filed August 14, 2008, and incorporated herein by reference) |
| 10.16 | Stock Purchase Agreement, dated October 30, 2008, between the Global Clean Energy Holdings, Inc. and the four shareholders of Technology Alternatives Limited, a Belizean Company formed under the Laws of Belize (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-QSB filed November 14, 2008, and incorporated herein by reference) |
| 10.17 | Limited Liability Company Agreement of GCE Mexico I, LLC, a Delaware Limited Liability Company, dated April 23, 2008* |
| 10.18 | Service Agreement, dated October 15, 2007, between the Company and Corporativo LODEMO S.A DE CV, a Mexican corporation* |
| 14.1 | Medical Discoveries, Inc. Code of Conduct** |
| 23 | Consent of Hansen, Barnett & Maxwell. P.C.* |

| | |
|----|--|
| 31 | Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 * |
| 32 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* |

* Filed herewith.

** Filed with our Annual Report on Form 10-K for the year ended December 31, 2008, as originally filed on April 15, 2009.

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.

GLOBAL CLEAN ENERGY HOLDINGS, INC.

December 1, 2009

By: /s/ RICHARD PALMER
Richard Palmer
President and Chief Executive Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

| Signature | Title | Date |
|--|--|------------------|
| /s/ RICHARD PALMER Richard Palmer | Chief Executive Officer (Principal Executive Officer) and Director | December 1, 2009 |
| /s/ BRUCE NELSON Bruce Nelson | Chief Financial Officer (Principal Accounting Officer) | December 1, 2009 |
| /s/ DAVID WALKER David Walker | Chairman, the Board of Directors | December 1, 2009 |
| /s/ MARK A. BERNSTEIN Mark A. Bernstein | Director | December 1, 2009 |

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HANSEN, BARNETT & MAXWELL, P.C.
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS
AND
BUSINESS CONSULTANTS
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Salt Lake City, UT 84180-1128
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Registered with the Public Company
Accounting Oversight Board

A Member of the Forum of Firms

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Global Clean Energy Holdings, Inc.
Los Angeles, CA

We have audited the accompanying consolidated balance sheets of Global Clean Energy Holdings, Inc. and subsidiaries (a development stage company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Clean Energy Holdings, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company is a development stage enterprise previously engaged in developing bio-pharmaceutical research and currently developing bio-diesel fuels. As discussed in Note B to the financial statements, the stockholders' deficit and the operating losses since inception raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ HANSEN, BARNETT & MAXWELL, P.C.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
April 14, 2009

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS

| | December 31, 2008 | December 31, 2007 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 291,309 | \$ 805,338 |
| Subscription receivable | - | 75,000 |
| Other current assets | 131,715 | 51,073 |
| Total Current Assets | 423,024 | 931,411 |
| PROPERTY AND EQUIPMENT | | |
| Land | 2,051,282 | - |
| Plantation development costs | 2,117,061 | 308,777 |
| Plantation equipment | 509,037 | - |
| Office equipment | 10,993 | 1,127 |
| | 4,688,373 | 309,904 |
| Less accumulated depreciation | (22,296) | (563) |
| | 4,666,077 | 309,341 |
| OTHER ASSETS | | |
| | 2,691 | - |
| TOTAL ASSETS | \$ 5,091,792 | \$ 1,240,752 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,890,999 | \$ 1,656,292 |
| Accrued payroll and payroll taxes | 1,158,808 | 950,971 |
| Accrued interest payable | 522,097 | 300,651 |
| Accrued return on minority interest | 138,014 | - |
| Secured promissory note | 460,000 | 250,000 |
| Notes payable to shareholders | 56,000 | 56,000 |
| Convertible notes payable | 193,200 | 193,200 |
| Research and development obligation | 2,607,945 | 2,701,555 |
| Financial instrument | - | 2,166,514 |
| Total Current Liabilities | 7,027,063 | 8,275,183 |
| MORTGAGE NOTE PAYABLE | | |
| | 2,051,282 | - |
| MINORITY INTEREST | | |
| | 1,962,022 | - |
| STOCKHOLDERS' DEFICIT | | |
| Preferred stock - no par value; 50,000,000 shares authorized | - | 514,612 |

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Series A, convertible; zero and 28,928 shares issued and outstanding, respectively
(aggregate liquidation preference of \$0 and \$2,892,800, respectively)

| | | |
|--|---------------------|---------------------|
| Series B, convertible; 13,000 shares issued or subscribed (aggregate liquidation preference of \$1,300,000) | 1,290,735 | 1,290,735 |
| Common stock, no par value; 500,000,000 shares authorized; 224,813,819 and 174,838,967 shares issued and outstanding, respectively | 17,634,474 | 16,526,570 |
| Additional paid-in capital | 3,672,724 | 1,472,598 |
| Deficit accumulated prior to the development stage | (1,399,577) | (1,399,577) |
| Deficit accumulated during the development stage | (27,146,931) | (25,439,369) |
| Total Stockholders' Deficit | (5,948,575) | (7,034,431) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$ 5,091,792 | \$ 1,240,752 |

See Notes to Consolidated Financial Statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS

| | For the Years Ended December 31, | | From Inception of the Development Stage on November 20, 1991 through December 31, 2008 (Unaudited) |
|--|-------------------------------------|-----------------------|---|
| | 2008 | 2007 | |
| Operating Expenses | | | |
| General and administrative | \$ 1,828,727 | \$ 2,949,885 | \$ 9,729,285 |
| Research and development | - | 986,584 | 986,584 |
| Loss from Operations | (1,828,727) | (3,936,469) | (10,715,869) |
| Other Income (Expenses) | | | |
| Unrealized gain (loss) on financial instrument | 5,469 | (147,636) | 4,722,632 |
| Interest income | 4,310 | 4,441 | 66,915 |
| Interest expense | (234,470) | (51,929) | (1,472,019) |
| Interest expense from amortization of discount on secured promissory note | (36,369) | (250,000) | (286,369) |
| Gain on debt restructuring | - | 485,137 | 2,524,787 |
| Other income | - | - | 906,485 |
| Total Other Income (Expenses) | (261,060) | 40,013 | 6,462,431 |
| Loss from Continuing Operations Before Minority Interest in Net Loss | (2,089,787) | (3,896,456) | (4,253,438) |
| Minority interest in net loss | 315,115 | - | 315,115 |
| Loss from Continuing Operations | (1,774,672) | (3,896,456) | (3,938,323) |
| Income (Loss) from Discontinued Operations (net of gain on disposal of MDI-P of \$258,809 in 2007) | 67,110 | (518,428) | (22,516,409) |
| Net Loss | (1,707,562) | (4,414,884) | (26,454,732) |
| Preferred stock dividend from beneficial conversion feature | - | - | (692,199) |
| Net Loss Applicable to Common Shareholders | \$ (1,707,562) | \$ (4,414,884) | \$ (27,146,931) |
| Basic and Diluted Loss per Common Share: | | | |
| Loss from Continuing Operations | \$ (0.009) | \$ (0.029) | |
| Income (Loss) from Discontinued Operations | \$ 0.001 | \$ (0.004) | |

| | | | | |
|---|----|-------------|----|-------------|
| Net loss | \$ | (0.008) | \$ | (0.033) |
| Basic and Diluted Weighted-Average Common Shares Outstanding | | 207,895,116 | | 134,707,205 |

See Notes to Consolidated Financial Statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

Period From November 20, 1991 (Date of Inception of the Development Stage) through December 31, 2008

| | Preferred Stock Shares | Preferred Stock Amount | Series A Shares | Series A Amount | Common stock Shares | Common stock Amount | Additional Paid in Capital | Accumulated Deficit Prior to Development Stage | Accumulated Deficit During Development Stage | Escrow/ Subscription Receivables | Total |
|--|---------------------------|---------------------------|--------------------|--------------------|------------------------|------------------------|-------------------------------|--|--|--|---------------|
| Balance at October 31, 1991 | - | \$ - | - | \$ - | 1,750,000 | \$ 252,997 | \$ - | \$(1,482,514) | \$ - | \$ - | \$(1,229,517) |
| Restatement for reverse acquisition of WPI Pharmaceutical, Inc. by Medical Discoveries, Inc. | - | - | - | - | - | (252,997) | - | 252,997 | - | - | - |
| Shares issued in merger of WPI Pharmaceutical, Inc. Medical Discoveries, Inc., \$0.01 per share | - | - | - | - | 10,000,000 | 135,000 | - | (170,060) | - | - | (35,060) |
| Balance at November 20, 1991 (Date of Inception of Development Stage) | - | - | - | - | 11,750,000 | 135,000 | - | (1,399,577) | - | - | (1,264,577) |
| Issuance of common stock for: Cash | | | | | | | | | | | |
| 1992 - \$0.50 per share | - | - | - | - | 200,000 | 100,000 | - | - | - | - | 100,000 |
| 1992 - \$1.50 per share | - | - | - | - | 40,000 | 60,000 | - | - | - | - | 60,000 |
| | - | - | - | - | 542,917 | 528,500 | - | - | - | - | 528,500 |

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|-------------------------|---|---|---|---|------------|-----------|---|---|-----------|-----------|
| 1993 - \$0.97 per share | | | | | | | | | | |
| 1994 - \$1.20 per share | - | - | - | - | 617,237 | 739,500 | - | - | - | 739,500 |
| 1995 - \$0.67 per share | - | - | - | - | 424,732 | 283,200 | - | - | - | 283,200 |
| 1996 - \$0.66 per share | - | - | - | - | 962,868 | 635,000 | - | - | (60,000) | 575,000 |
| 1997 - \$0.43 per share | - | - | - | - | 311,538 | 135,000 | - | - | 60,000 | 195,000 |
| 1998 - \$0.29 per share | - | - | - | - | 2,236,928 | 650,000 | - | - | - | 650,000 |
| 1999 - \$0.15 per share | - | - | - | - | 13,334 | 2,000 | - | - | - | 2,000 |
| 2001 - \$0.15 per share | - | - | - | - | 660,000 | 99,000 | - | - | - | 99,000 |
| 2003 - \$0.04 per share | - | - | - | - | 20,162,500 | 790,300 | - | - | - | 790,300 |
| 2004 - \$0.09 per share | - | - | - | - | 20,138,024 | 1,813,186 | - | - | - | 1,813,186 |
| 2005 - \$0.18 per share | - | - | - | - | 1,922,222 | 281,926 | - | - | - | 281,926 |
| Services and Interest | | | | | | | | | | |
| 1992 - \$0.50 per share | - | - | - | - | 500,000 | 250,000 | - | - | - | 250,000 |
| 1993 - \$0.51 per share | - | - | - | - | 251,450 | 127,900 | - | - | - | 127,900 |
| 1993 - \$0.50 per share | - | - | - | - | 800,000 | 400,000 | - | - | - | 400,000 |
| 1994 - \$1.00 per share | - | - | - | - | 239,675 | 239,675 | - | - | - | 239,675 |
| 1995 - \$0.39 per share | - | - | - | - | 4,333,547 | 1,683,846 | - | - | (584,860) | 1,098,986 |
| 1996 - \$0.65 per share | - | - | - | - | 156,539 | 101,550 | - | - | - | 101,550 |
| 1997 - \$0.29 per share | - | - | - | - | 12,500 | 3,625 | - | - | - | 3,625 |
| 1998 - \$0.16 per share | - | - | - | - | 683,000 | 110,750 | - | - | - | 110,750 |
| 1999 - \$0.30 per share | - | - | - | - | 100,000 | 30,000 | - | - | - | 30,000 |
| 2001 - \$0.14 per share | - | - | - | - | 1,971,496 | 284,689 | - | - | - | 284,689 |
| 2002 - \$0.11 per share | - | - | - | - | 2,956,733 | 332,236 | - | - | - | 332,236 |
| 2003 - \$0.04 per share | - | - | - | - | 694,739 | 43,395 | - | - | - | 43,395 |
| 2004 - \$0.06 per share | - | - | - | - | 1,189,465 | 66,501 | - | - | - | 66,501 |
| | - | - | - | - | 104,167 | 11,312 | - | - | - | 11,312 |

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| | | | | | | | | | | |
|--|---------|---------|---|---|-------------|-----------|---|---|-----------|-----------|
| 2005 - \$0.18 per share | | | | | | | | | | |
| 2006 - \$0.18 per share | - | - | - | - | 435,556 | 78,400 | - | - | - | 78,400 |
| Conversion of Debt | | | | | | | | | | |
| 1996 - \$0.78 per share | | | | | 239,458 | 186,958 | - | - | - | 186,958 |
| 1997 - \$0.25 per share | - | - | - | - | 100,000 | 25,000 | - | - | - | 25,000 |
| 1998 - \$0.20 per share | - | - | - | - | 283,400 | 56,680 | - | - | - | 56,680 |
| 2002 - \$0.03 per share | - | - | - | - | 17,935,206 | 583,500 | - | - | - | 583,500 |
| 2004 - \$0.07 per share | - | - | - | - | 9,875,951 | 650,468 | - | - | - | 650,468 |
| Conversion of preferred stock to common stock, 2006 | (7,580) | (8,722) | - | - | 10,242,424 | 8,722 | - | - | - | - |
| Other Issuances | | | | | | | | | | |
| 1993 - License - \$0.50 share | - | - | - | - | 2,000,000 | 1,000,000 | - | - | - | 1,000,000 |
| 1997 - Settlement of contract | - | - | - | - | 800,000 | 200,000 | - | - | - | 200,000 |
| 1998 - Issuance of common stock from exercise of warrants, \$0.001 per share | - | - | - | - | 200,000 | 200 | - | - | - | 200 |
| 2000 - Reversal of shares issued | - | - | - | - | (81,538) | - | - | - | - | - |
| Escrow and Subscription Receivables | | | | | | | | | | |
| 1996 - Common stock canceled - \$0.34 per share | - | - | - | - | (1,400,000) | (472,360) | - | - | 472,360 | - |
| 2000 - Issuance for escrow receivable - \$0.09 per share | - | - | - | - | 5,500,000 | 500,000 | - | - | (500,000) | - |
| 2000 - Write-off of subscription receivable | - | - | - | - | - | - | - | - | 112,500 | 112,500 |
| 2000 - Research and development costs | - | - | - | - | - | - | - | - | 115,400 | 115,400 |

| | | | | | | | | | | |
|--|---|---|---|---|-------------|-----------|---|---|---------|---------|
| 2001 - Research and development costs | - | - | - | - | - | - | - | - | 132,300 | 132,300 |
| 2001 - Operating expenses | - | - | - | - | - | - | - | - | 25,000 | 25,000 |
| 2004 - Termination of escrow agreement | - | - | - | - | (2,356,200) | (227,300) | - | - | 227,300 | - |

(Continued)

See Notes to Consolidated Financial Statements

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT - (Continued)
Period From November 20, 1991 (Date of Inception of the Development Stage) through December 31, 2008

| | Preferred Stock Shares | Preferred Stock - Series A Amount | Preferred Stock - Series B Amount | Common stock Shares | Common stock Amount | Additional Paid in Capital | Accumulated Deficit Prior to Development Stage | Deficit Accumulated During the Development Stage | Escrow/ Subscription Receivables | Total | |
|--|---------------------------|--------------------------------------|--------------------------------------|------------------------|------------------------|----------------------------------|---|--|--|-------|---------------|
| Balance carried forward | (7,580) | \$ (8,722) | - | \$ - | 117,749,868 | \$ 12,528,359 | \$ - | \$(1,399,577) | \$ - | \$ - | \$ 11,120,060 |
| Exercise of Options and Warrants | | | | | | | | | | | |
| 1997 - \$0.25 per share | - | - | - | 87,836 | 21,959 | - | - | - | - | - | 21,959 |
| 1999 - Waived option price \$0.14 per share | - | - | - | 170,000 | 24,000 | - | - | - | - | - | 24,000 |
| Value of Options Issued for Services | | | | | | | | | | | |
| 1998 | - | - | - | - | 2,336,303 | - | - | - | - | - | 2,336,303 |
| 1999 | - | - | - | - | 196,587 | - | - | - | - | - | 196,587 |
| 2001 | - | - | - | - | - | 159,405 | - | - | - | - | 159,405 |
| 2002 | - | - | - | - | - | 124,958 | - | - | - | - | 124,958 |
| 2003 | - | - | - | - | - | 295,000 | - | - | - | - | 295,000 |
| 2004 | - | - | - | - | - | 1,675,000 | - | - | - | - | 1,675,000 |
| 2006 | - | - | - | - | - | 67,350 | - | - | - | - | 67,350 |
| Other | | | | | | | | | | | |
| 1994 - Cash contributed | - | - | - | - | 102,964 | - | - | - | - | - | 102,964 |
| 1995 - Issuance of common stock option to satisfy debt restructuring | | | | | | | | | | | |
| 2004 - Issuance of | 12,000 | 523,334 | - | 350,000 | 68,845 | 477,821 | - | - | - | - | 1,070,000 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---------|---|-----------|---|---|---|---|
| preferred stock and warrants for cash | | | | | | | | | | | | | |
| 2004 - Convertible preferred stock beneficial conversion dividend | - | - | - | - | - | - | 692,199 | - | (692,199) | - | - | - | - |
| 2005 - Issuance of preferred stock and warrants for cash | | | | | | | | | | | | | |