

Global Clean Energy Holdings, Inc.
Form 10-Q
November 09, 2012

UNITED STATES

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

(Mark One)

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

For the quarterly period ended September 30, 2012

OR

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
State or other jurisdiction of
incorporation

87-0407858
(IRS Employer Identification No.)

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

Former Name or Former Address, if Changed Since Last Report

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

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 No

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 Non-accelerated filer

Accelerated Filer Smaller reporting

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company

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: As of October 29, 2012, the issuer had 293,683,502 shares of common stock issued and outstanding.

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

GLOBAL CLEAN ENERGY HOLDINGS, INC.

For the quarter ended September 30, 2012

FORM 10-Q

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PART I

ITEM 1. FINANCIAL STATEMENTS.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 869,420	\$ 676,780
Accounts receivable	3,394	2,279
Inventory	1,580	104,782
Other current assets	417,615	327,701
Total Current Assets	1,292,009	1,111,542
PROPERTY AND EQUIPMENT, NET	14,137,685	11,905,182
INVESTMENT HELD FOR SALE	303,953	291,031
DEFERRED GROWING COST	4,238,909	2,780,871
OTHER NONCURRENT ASSETS	11,455	10,814
TOTAL ASSETS	\$ 19,984,011	\$ 16,099,440
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 1,536,383	\$ 1,363,217
Accrued payroll and payroll taxes	1,011,913	1,046,763
Deferred revenue	63,535	152,732
Capital lease liability - current portion	53,411	56,257
Notes payable to shareholders	26,000	26,000
Convertible notes payable	-	193,200
Total Current Liabilities	2,691,242	2,838,169
LONG-TERM LIABILITIES		
Accrued interest payable	1,945,586	1,684,186
Accrued return on noncontrolling interest	4,394,762	2,907,678
Capital lease liability - long term portion	4,190	31,258
Convertible notes payable	567,000	567,000
Mortgage notes payable	5,110,189	5,110,189

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Total Long Term Liabilities	12,021,727	10,300,311
EQUITY (DEFICIT)		
Preferred stock - \$0.001 par value; 50,000,000 shares authorized Series B, convertible; 13,000 shares issued (aggregate liquidation preference of \$1,300,000)	13	13
Common stock, \$0.001 par value; 500,000,000 shares authorized; 293,683,502 and 285,062,812 issued and outstanding	293,683	285,062
Additional paid-in capital	24,541,211	24,260,628
Accumulated deficit	(26,877,863)	(26,662,294)
Accumulated other comprehensive loss	(44,019)	(21,996)
Total Global Clean Energy Holdings, Inc.		
Stockholders' Deficit	(2,086,975)	(2,138,587)
Noncontrolling interests	7,358,017	5,099,547
Total equity (deficit)	5,271,042	2,960,960
TOTAL LIABILITIES AND EQUITY (DEFICIT)	\$ 19,984,011	\$ 16,099,440

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue	\$78,644	\$109,758	\$288,080	\$165,558
Subsidy Income	39,431	248,429	505,017	564,181
Total Revenue	118,075	358,187	793,097	729,739
Operating Expenses				
General and administrative	418,663	549,870	1,671,040	1,639,064
Write down of impaired long lived assets	526,953	-	526,953	
Plantation operating costs	182,322	125,076	533,566	251,447
Total Operating Expenses	1,127,938	674,946	2,731,559	1,890,511
Loss from Operations	(1,009,863)	(316,759)	(1,938,462)	(1,160,772)
Other Income (Expenses)				
Other income	25	29	82	77
Interest expense	(224,288)	(142,140)	(632,415)	(406,208)
Gain on settlement of liabilities	80,817	-	595,290	-
Foreign currency transaction gain (loss)	84	37,173	(960)	39,613
Net Other Income (Loss)	(143,362)	(104,938)	(38,003)	(366,518)
Loss from Continuing Operations	(1,153,225)	(421,697)	(1,976,465)	(1,527,290)
Income (Loss) from Discontinued Operations	1,698	22,468	-	(9,746)
Net Loss	(1,151,527)	(399,229)	(1,976,465)	(1,537,036)
Less Net Loss Attributable to the Noncontrolling Interest	(979,876)	(213,099)	(1,760,896)	(897,521)
Net Income (Loss) attributable to Global Clean Energy Holdings, Inc.	\$(171,651)	\$(186,130)	\$(215,569)	\$(639,515)
Amounts attributable to Global Clean Energy Holdings, Inc. common shareholders:				
Income (Loss) from Continuing Operations	\$(173,349)	\$(208,598)	\$(215,569)	\$(629,769)

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Income (Loss) from Discontinued Operations	1,698	22,468	-	(9,746)
Net Loss	\$(171,651)	\$(186,130)	\$(215,569)	\$(639,515)

Basic Income (Loss) per Common Share:

Income (Loss) from Continuing Operations	\$(0.0006)	\$(0.0007)	\$(0.0007)	\$(0.0023)
Income Loss from Discontinued Operations	0.0000	0.0001	-	(0.0000)
Net Loss per Common Share	\$(0.0006)	\$(0.0007)	\$(0.0007)	\$(0.0023)

Basic Weighted-Average Common

Shares Outstanding	293,683,502	280,782,920	290,694,577	274,426,224
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Diluted Income (Loss) per Common Share:

Loss from Continuing Operations	\$(0.0006)	\$(0.0007)	\$(0.0007)	\$(0.0023)
Income Loss from Discontinued Operations	0.0000	0.0001	-	(0.0000)
Net Loss per Common Share	\$(0.0006)	\$(0.0006)	\$(0.0007)	\$(0.0023)

Diluted Weighted-Average Common

Shares Outstanding	293,304,571	280,782,920	290,694,577	274,426,224
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The accompanying notes are an integral part of these condensed unaudited consolidated financial statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Loss	\$(1,151,527)	\$(399,229)	\$(1,976,465)	\$(1,537,036)
Other comprehensive income - foreign currency translation adjustment	990,579	(1,584,711)	1,064,067	(1,193,420)
Comprehensive Loss	(160,948)	(1,983,940)	(912,398)	(2,730,456)
Add net loss attributable to the noncontrolling interest	979,876	213,099	1,760,896	897,521
Less other comprehensive income (loss) attributable to noncontrolling interest	(1,017,240)	1,557,633	(1,086,090)	1,162,786
Comprehensive Loss Attributable to Global Clean Energy Holdings, Inc.	\$(198,312)	\$(213,208)	\$(237,592)	\$(670,149)

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

(Unaudited)

For the Periods Ended September 30, 2011 and 2012

	Series B		Common stock		Additional	Accumulated	Accumulated	Non-	
	Shares	Amount	Shares	Amount	Paid in	Deficit	Other	controlling	Total
					Capital		Loss	Interests	
Balance at December 31, 2010	13,000	\$ 13	270,464,478	\$270,464	\$23,580,630	\$(26,933,430)	\$(2,195)	\$4,241,945	\$ 1,157,427
Issuance of common stock			12,708,334	12,711	487,916				500,626
Contributions from noncontrolling interests	-	-	-	-	-	-	-	4,780,156	4,780,156
Exercise of Warrants	-	-	1,890,000	1,890	54,810	-	-	-	56,700
Share-based compensation from issuance of options and compensation-based warrants	-	-	-	-	69,858	-	-	-	69,858
Accrual of preferential return for the noncontrolling interests	-	-	-	-	-	-	-	(1,044,264)	(1,044,264)
Foreign currency translation gain (loss)	-	-	-	-	-	-	(30,634)	(1,162,786)	(1,193,420)
Net loss for the period ended September 30, 2011	-	-	-	-	-	(639,515)	-	(897,521)	(1,537,036)
Balance at September 30, 2011	13,000	\$ 13	285,062,812	\$285,065	\$24,193,214	\$(27,572,945)	\$(32,829)	\$5,917,530	\$2,790,047
	Series B		Common stock		Additional	Accumulated	Accumulated	Non-	
	Shares	Amount	Shares	Amount	Paid in	Deficit	Other	controlling	Total
					Capital		Loss	Interests	
Balance at December 31, 2011	13,000	\$ 13	285,062,812	\$285,062	\$24,260,628	\$(26,662,294)	\$(21,996)	\$5,099,547	\$2,960,960

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Contributions from noncontrolling interests	-	-	-	-	-	-	-	4,420,360	4,420,360
Issuance of common stock for cash	-	-	8,620,690	8,621	241,379	-	-	-	250,000
Share-based compensation from issuance of options and compensation-based warrants	-	-	-	-	39,204	-	-	-	39,204
Accrual of preferential return for the noncontrolling interests	-	-	-	-	-	-	-	(1,487,084)	(1,487,084)
Foreign currency translation gain (loss)	-	-	-	-	-	-	(22,023)	1,086,090	1,064,067
Net loss for the year ended September 30, 2012	-	-	-	-	-	(215,569)	-	(1,760,896)	(1,976,465)
Balance at September 30, 2012	13,000	\$13	293,683,502	\$293,683	\$24,541,211	\$(26,877,863)	\$(44,019)	\$7,358,017	\$5,271,042

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

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

	For the Nine Months Ended September 30,	
	2012	2011
Cash Flows From Operating Activities		
Net loss	\$(1,976,465)	\$(1,537,036)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign currency transaction gain	960	(39,613)
Gain on settlement of liabilities	(595,290)	-
Share-based compensation	39,204	69,858
Write down of impaired assets	526,953	-
Depreciation	211,915	201,419
Changes in operating assets and liabilities:		
Accounts receivable	(2,925)	(23,490)
Inventory	109,808	(55,781)
Other current assets	(52,942)	(352,003)
Deferred growing costs	(1,257,539)	(1,459,705)
Accounts payable and accrued expenses	795,655	501,093
Deferred revenue	(89,197)	208,329
Other noncurrent assets	(11,849)	9,497
Net Cash Used in Operating Activities	(2,301,712)	(2,477,432)
Cash Flows From Investing Activities		
Purchase of land	-	(178,459)
Plantation development costs	(1,902,838)	(2,127,735)
Purchase of property and equipment	(256,455)	(221,258)
Disposal of property and equipment	(1,637)	-
Net Cash Used in Investing Activities	(2,160,930)	(2,527,452)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	250,000	500,000
Proceeds from exercise of warrants	-	56,700
Proceeds from issuance of preferred membership in GCE Mexico I, LLC	4,420,360	4,780,156
Proceeds from notes payable	-	562,685
Payments on capital leases and notes payable	(36,723)	(34,505)
Net Cash Provided by Financing Activities	4,633,637	5,865,036
Effect of exchange rate changes on cash	21,645	(212,781)
Net Increase in Cash and Cash Equivalents	192,640	647,371
Cash and Cash Equivalents at Beginning of Period	676,780	1,096,618
Cash and Cash Equivalents at End of Period	\$869,420	\$1,743,989
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$30,764	\$56,755
Noncash Investing and Financing activities:		
Accrual of return on noncontrolling interest	\$1,487,084	\$1,044,264
Shares issued for services	-	13,125

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

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

Note 1 – History and Basis of Presentation

History

The company was originally incorporated under the laws of the State of Utah on November 20, 1991. Until 2007, the Company was a developmental-stage bio-pharmaceutical company engaged in the research, validation, and development of two drug candidates. In 2007, the Company decided to change its business and focus its efforts and resources on the emerging alternative energy fuels market. Accordingly, on September 7, 2007, we acquired certain trade secrets, know-how, business plans and relationships relevant to the cultivation and production of Jatropha. In 2008 we changed our name to “Global Clean Energy Holdings, Inc.” to reflect our energy agricultural business. In November 2009, we sold our remaining legacy bio-pharmaceutical assets to Curadis GmbH.

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

Principles of Consolidation

The consolidated financial statements include the accounts of Global Clean Energy Holdings, Inc., its subsidiaries, and the variable interest entities of GCE Mexico, and its Mexican subsidiaries (Asideros, Asideros 2 and Asideros 3). 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 its Mexican subsidiaries, and accordingly, has consolidated these entities since their formation beginning in April 2008, with the equity interests of the unaffiliated investors in GCE Mexico presented as Noncontrolling Interests in the accompanying condensed consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included and are of normal, recurring nature. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s annual report on Form 10-K for

the year ended December 31, 2011, as filed with the Securities and Exchange Commission. The results of operations for the nine months ended September 30, 2012, may not be indicative of the results that may be expected for the year ending December 31, 2012.

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Accounting for Agricultural Operations

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

Profit/Loss per Common Share

Profit/Loss per share amounts are computed by dividing profit or loss applicable to the common shareholders of the Company by the weighted-average number of common shares outstanding during each period. Diluted profit or loss per share amounts are computed assuming the issuance of common stock for potentially dilutive common stock equivalents.

All outstanding stock options, warrants, convertible notes, and convertible preferred stock are currently antidilutive and have been excluded from the calculations of diluted profit or loss per share at September 30, 2012 and 2011, as follows:

	September 30, 2012	2011
Convertible notes	18,900,000	19,028,671
Convertible preferred stock - Series B	11,818,181	11,818,181
Warrants	24,585,662	24,585,662
Compensation-based stock options and warrants	57,981,483	70,181,483
	113,285,326	125,613,997

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

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

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

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. At September 30, 2012, the Company reviewed its long-lived assets and determined the Deferred Growing Cost and Plantation Development Costs were impaired. See Note 10 for details.

New Accounting Guidelines

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 condensed consolidated statement of comprehensive income for the three and nine months ended September 30, 2012 and 2011.

Note 2 – Going Concern Considerations

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying consolidated financial statements, the Company incurred losses from continuing operations of \$1,976,465 and of \$1,537,036 for the nine-months ended September 30, 2012 and September 30, 2011 respectively, and has an accumulated deficit applicable to its common shareholders of \$26,877,863 at September 30, 2012. The Company also used cash in operating activities of \$2,301,712 and \$2,477,432 during the nine-month periods ended September 30, 2012 and September 30, 2011, respectively. At September 30, 2012, the Company has negative working capital of \$1,399,233 and a stockholders' deficit attributable to its stockholders of \$2,086,975. These factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company commenced its new business related to the cultivation and production of oil from the seed of the Jatropha plant in September 2007. Management plans to meet its cash needs through various means including securing financing, entering into joint ventures, and developing the current business model. In order to fund its new operations, the Company has received \$18,360,628 in capital contributions from the preferred membership interest in GCE Mexico I, LLC, and has issued mortgages in the total amount of \$5,110,189 for the acquisition of land. The Company is developing the new business operation to participate in the rapidly growing bio-diesel industry. The Company continues to expect to be successful in this new venture, but there is no assurance that its business plan will be economically viable. The ability of the Company to continue as a going concern is dependent on that plan's success. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 – Jatropha Business Venture

The Company entered into the bio-fuels business in 2007 by acquiring certain trade secrets, know-how, business plans, term sheets, business relationships, and other information relating to the cultivation and production of seed oil from the Jatropha plant for the production of bio-diesel, and by entering into certain employment agreements and property management agreements. Subsequent to entering into these transactions, the Company identified certain real property in Mexico it believed to be suitable for cultivating the Jatropha plant. During 2008, GCE Mexico acquired

the land in Mexico for the cultivation of the Jatropha plant. In July 2009, the Company acquired TAL, which 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. All of these transactions are described in further detail in Note 1 above and in the remainder of the notes.

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Share Exchange Agreement

The Company entered into a share exchange agreement (the Global Agreement) pursuant to which the Company acquired all of the outstanding ownership interests in Global Clean Energy Holdings, LLC, a Delaware limited liability company (Global), on September 7, 2007 from Mobius Risk Group, LLC (Mobius) and from Richard Palmer (Mr. Palmer). Mr. Palmer owned a 13.33% equity interest in Mobius and became the Company's new President and Chief Operating Officer in September 2007 and its Chief Executive Officer in December 2007.

Mobius Consulting Agreement

Concurrent with the execution of the Global Agreement, the Company entered into a consulting agreement with Mobius pursuant to which Mobius agreed to provide consulting services to the Company in connection with the Company's new Jatropha biofuel feedstock business. The Company engaged Mobius as a consultant to obtain Mobius' experience and expertise in the feedstock/bio-diesel market to assist the Company and Mr. Palmer in developing this new line of operations for the Company. Mobius agreed to provide the following services to the Company: (i) manage and supervise a contemplated research and development program contracted by the Company and conducted by the University of Texas Pan American regarding the location, characterization, and optimal economic propagation of the Jatropha plant; and (ii) assist with the management and supervision of the planning, construction, and start-up of plant nurseries and seed production plantations in Mexico, the Caribbean or Central America.

Under the agreement, Mobius was required to supervise the hiring of certain staff to serve in management and operations roles of the Company, or to hire such persons to provide similar services to the company as independent contractors. Mobius' compensation for the services provided under the agreement was a monthly retainer of \$45,000. The Company also reimbursed Mobius for reasonable business expenses incurred in connection with the services provided. The Company terminated the agreement in July 2008, with the termination to become effective August 2008. The Company had recorded liabilities to Mobius of \$322,897 for accrued, but unpaid, compensation and costs as of September 30, 2012 and December 31, 2011. However, the Company disputes these charges, and the additional amounts that Mobius claims that it is owed. As a result, in April 2010 Mobius filed a complaint against the Company in the United States District Court Southern District of Texas Houston Division, alleging that that the Company breached its agreement with Mobius.

LODEMO Agreement

On October 15, 2007, the Company entered into a service agreement with Corporativo LODEMO S.A DE CV, a Mexican corporation (the LODEMO Group), to provide services related to the establishment, development, and day-to-day operations of the Company's Jatropha Business in Mexico. The Company had agreed to pay the LODEMO Group a fixed fee per year of \$60 per hectare of land planted and maintained with minimum payments based on 10,000 hectares of developed land, to follow a planned planting schedule. The Agreement had a 20-year term but could be terminated or modified earlier by the Company under certain circumstances. In June 2009, the scope of work previously performed by LODEMO was reduced and modified based upon certain labor functions being provided internally by the Company and by Asideros, the Company's Mexican subsidiary, on a go-forward basis. This agreement was cancelled in 2009. As of September 30, 2012 and as of December 31, 2011, the Company's financial statement reflect that it owes the LODEMO Group \$251,500 for accrued, but unpaid, compensation and cost. The Company disputes the total of these charges and is currently in discussions with LODEMO to resolve this liability.

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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 Jatropa 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 Jatropa Farm.

Under 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 issued to five of the 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 of the 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 Jatropa Farm. The preferred members have made capital contributions of \$4,420,360 and \$4,780,156 during the nine-month periods ended September 30, 2012 and 2011, respectively, and total contributions of \$18,360,628 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 2011 and the following years. These Investors are entitled to earn a preferential 12% per annum cumulative compounded return on the cumulative balance of their preferred membership interest. The preferential return increased \$1,487,084, and \$1,044,264 during the nine-month periods ended September 30, 2012 and 2011, respectively, and totals \$4,394,762 since the execution of the LLC Agreement.

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

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

The net income or loss of the Mexican subsidiaries is allocated to its shareholders based on their respective equity ownership, which is 99% to GCE Mexico and 1% directly to 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 condensed 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.

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Technology Alternatives, Limited

On October 29, 2008, the Company entered into a stock purchase agreement with the shareholders of TAL, a company formed under the laws of Belize in Central America. Subsequently, the terms and conditions of the stock purchase agreement were modified prior to closing. The closing was primarily delayed to allow TAL to complete all required conditions for the closing. On July 2, 2009, all closing requirements were completed and the Company consummated the stock purchase agreement by issuing 8,952,757 shares of its common stock in exchange for 100% of the equity interests of TAL. TAL owns approximately 400 acres of land and has developed a Jatropha farm in stages over the last three years for the cultivation of the Jatropha plant. TAL developed a nursery capable of producing Jatropha seeds, seedlings and rooted cuttings. During 2009, TAL commenced selling seeds, principally to GCE Mexico.

In connection with the acquisition, certain payables to the former shareholders of TAL were renegotiated and converted into promissory notes in the aggregate principal amount of \$516,139 Belize Dollars (US \$268,036 based on exchange rates in effect at July 2, 2009). These notes payable to shareholders were interest free through September 30, 2009, and then bear interest at 8% per annum through the maturity date. The notes are secured by a mortgage on the land and related improvements. The notes, plus any related accrued interest, were due on August 15, 2012. The holders of these notes have not yet declared a formal default and have not taken any action to foreclose. The holders of the loans have previously voluntarily agreed to extend the maturity date of these loans to the August 15, 2012 maturity date.

During 2010, the Company ceased the TAL operations. The assets are reported as Investment Held for Sale.

Note 4 - Investment Held for Sale

All of TAL's nursery capabilities have since been transferred to the Company's other operations in Tizimin, Mexico and the Company is in the process of selling the land. The net assets have been reclassified as Investment Held for Sale at September 30, 2012 and at December 31, 2011; the promissory notes are netted against the net assets. The Net Assets, as of September 30, 2012 were \$565,473 Belize Dollars (US \$303,953 based on exchange rates in effect at September 30, 2012).

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Note 5 – Property and Equipment

Property and equipment are as follows:

	September 30, 2012	December 31, 2011
Land	\$4,587,313	\$4,217,604
Plantation development costs	8,478,489	6,945,617
Plantation equipment	1,552,797	1,199,503
Office equipment	109,018	110,031
Total cost	14,727,617	12,472,755
Less accumulated depreciation	(589,932)	(567,573)
Property and equipment, net	\$14,137,685	\$11,905,182

Commencing in June 2008, Asideros I purchased certain equipment for purposes of rapidly clearing the land, preparing the land for planting, and planting the Jatropha trees. The Company has capitalized farming equipment and costs related to the development of land for farm use in accordance with generally accepted accounting principles for accounting by agricultural producers and agricultural cooperatives. Plantation equipment is depreciated using the straight-line method over estimated useful lives of 5 to 15 years. Depreciation expense has been capitalized as part of plantation development costs through the date that the plantation becomes commercially productive. The initial plantations were deemed to be commercially productive on October 1, 2009, at which date the Company commenced the depreciation of plantation development costs over estimated useful lives of 10 to 35 years, depending on the nature of the development. Developments and other improvements with indefinite lives are capitalized and not depreciated. Other developments that have a limited life and intermediate-life plants that have growth and production cycles of more than one year are being depreciated over their useful lives once they are placed in service. The land, plantation development costs, and plantation equipment are located in Mexico and in Belize. During the period we recognized an impairment loss related to the fair value of Plantation Development Cost and Deferred Growing Cost. See Note 10 below.

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Note 6 – Accrued Payroll and Payroll Taxes

A significant portion of accrued payroll and payroll taxes relates to unpaid compensation for officers and directors that are no longer affiliated with the Company. Accrued payroll taxes will become due upon payment of the related accrued compensation.

Accrued payroll and payroll taxes are composed of the following:

	September 30, 2012	December 31, 2011
Accrued payroll, vacation, and related payroll taxes for current officers	\$1,011,913	\$965,946
Other former officers and directors	-	77,750
Accrued payroll taxes on accrued compensation to former officers and directors	-	3,067
Accrued payroll and payroll taxes	\$1,011,913	\$1,046,763

Note 7 – Debt

Notes Payable to Shareholders

The Company has notes payable to certain shareholders in the aggregate amount of \$26,000 at September 30, 2012 and December 31, 2011. The notes originated between 1997 and 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled \$65,726 and \$46,415 at September 30, 2012 and December 31, 2011, respectively.

As more fully disclosed in Note 4 the Company has promissory notes to the former shareholders of TAL in the amount of \$526,462 Belize dollars, (US \$282,983 based on exchange rates in effect at September 30, 2012), including capitalized interest of \$10,322 Belize Dollars. These notes payable to shareholders were interest free through September 30, 2009, and then bear interest at 8% per annum through the maturity date. The notes are secured by a mortgage on the land and related improvements. The notes, plus any related accrued interest, were due on August 15, 2012. The holders of these notes have not yet declared a formal default and have not taken any action to foreclose. The holders of the loans have previously voluntarily agreed to extend the maturity date of these loans to the August 15, 2012 date.

Mortgage Notes Payable

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

sufficient cash flow to pay all accrued interest. The initial mortgage, including any unpaid interest, is due in April 2018. The second mortgage, including any unpaid interest, is due in February 2020.

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

Settlement of Liabilities

The Company has settled certain liabilities previously carried on the consolidated balance sheet, which settlements resulted in significant gains. The total gain on settlement of liabilities for the nine months ended September 30, 2012 was \$595,290. This gain was primarily from the settlement or expiration of historic liabilities primarily incurred by prior management in connection with the discontinued pharmaceutical operations that had been on the Company's records for several years. In addition, the Company determined that certain liabilities had been extinguished with the passage of time for collection under the laws.

Common Stock

On April 25, 2011 an accredited investor in the Company exercised a Warrant for 945,000 shares at \$.03 per share for net cash proceeds paid to the Company of \$28,350. The proceeds from this sale were used for general corporate purposes.

On May 31, 2011 an accredited investor in the Company exercised a Warrant for 945,000 shares at \$.03 per share for net cash proceeds paid to the Company of \$28,350. The proceeds from this sale were used for general corporate purposes.

In April 2012, the Company issued shares to an accredited investor at a price of \$.03 per share for cash proceeds paid to the Company of \$250,000. The proceeds from this sale were used for general corporate purposes.

Note 8 – Stock Options and Warrants

Stock Options and Compensation-Based Warrants

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

On July 19, 2010, the stockholders approved the 2010 Stock Incentive Plan. The granting of options and other stock awards is an important incentive tool for the Company's employees, officers and directors. The 2010 Plan provides a means by which employees, directors and consultants of the Company may be given an opportunity to benefit from increases in the value of our common stock, and to attract and retain the services of such persons. All of our employees, directors and consultants are eligible to participate in the 2010 Plan. The total number of shares of common stock which may be offered, or issued as restricted stock or on the exercise of options or Stock Appreciation Rights (SARs) under the Plan shall not exceed twenty million (20,000,000) shares of common stock. The shares subject to an option or SAR granted under the Plan that expire, terminate or are cancelled unexercised shall become available again for grants under this Plan. If shares of restricted stock awarded under the Plan are forfeited to the Company or repurchased by the Company, the number of shares forfeited or repurchased shall again be available under the Plan. Where the exercise price of an option is paid by means of the optionee's surrender of previously owned shares of common stock or the Company's withholding of shares otherwise issuable upon exercise of the option

as may be permitted herein, only the net number of shares issued and which remain outstanding in connection with such exercise shall be deemed “issued” and no longer available for issuance under this Plan. No eligible person shall be granted options or other awards during any twelve-month period covering more than Five Hundred Thousand (500,000) shares of common stock.

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No income tax benefit has been recognized for share-based compensation arrangements. The Company has recognized plantation development costs totaling \$124,565 related to a liability that was satisfied by the issuance of warrants in 2008. Otherwise, no share-based compensation cost has been capitalized in the condensed consolidated balance sheet.

A summary of the status of options and compensation-based warrants at September 30, 2012, and changes during the period 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, 2011	74,731,483	\$ 0.03	4.7 years	\$ 192,033
Granted	1,000,000	0.04		
Exercised	-	-		-
Forfeited	(4,500,000)	0.04		
Expired	(13,250,000)	0.03		
Outstanding at September 31, 2012	57,981,483	0.03	4.2 years	\$ 29,497
Exercisable at September 31, 2012	40,968,983	\$ 0.03	3.3 years	\$ 29,297

At September 30, 2012, options to acquire 80,000 shares of common stock have no stated contractual life. The fair value of other stock option grants and compensation-based warrants is estimated on the date of grant or issuance using the Black-Scholes option pricing model. No options or warrants were issued in the nine-month period ended September 30, 2012 and 1,350,000 of options were issued the nine months ended September 30, 2011. 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 September 30, 2012 closing price of \$0.010 per share.

Share-based compensation from all sources recorded during the nine months ended September 30, 2012 and 2011 was \$39,204 and \$69,858, respectively, and is reported as general and administrative expense in the accompanying condensed consolidated statements of operations. As of September 30, 2012, there is approximately \$31,359 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 1.2 year.

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Stock Warrants

A summary of the status of the warrants outstanding at September 30, 2012, and changes during the six months then ended is presented in the following table:

	Shares Under Warrant	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2011	24,585,662	\$ 0.01	1.75 years	\$ 457,550
Issued	-	-		
Exercised	-	-		\$ -
Expired	-	-		
Outstanding at September 30, 2012	24,585,662	\$ 0.01	1.00 years	\$ 45,755

Note 9 - Discontinued Operations

Pursuant to accounting rules for discontinued operations, the Company has classified all gain, revenue and expense related to the operations, assets, and liabilities of its bio-pharmaceutical business as discontinued operations. For the nine-month period ended September 30, 2012 and year ended December 31, 2011, Income from Discontinued Operations consists of the foreign currency transaction gains or losses related to current liabilities associated with the discontinued operations that are denominated in Euros.

Note 10 – Impairment of assets and 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 September 30, 2012 and 2011, the Company does not have any assets or liabilities measured at fair value on a recurring basis.

Fair value is used on a nonrecurring basis to measure certain assets when applying lower of cost or market accounting or when adjusting carrying values. Fair value is also used when evaluating impairment on certain assets, including deferred growing costs and property and equipment.

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The following is a tabular presentation of assets measured at fair value on a nonrecurring basis along with the level within the hierarchy in which the fair value measurement falls as of September 30, 2012 :

Description	Fair Value of Measurements at Reporting			
	September 30, 2012	Level 1	Date Using Level 2	Level 3
	\$4,238,909			\$4,238,909
Deferred Growing Cost	8,478,489			8,478,489
Plantation Development Cost	\$12,717,398			\$12,717,398

The Company performed an analysis of long-lived assets and has identified 313 hectares (773 acres) considered to be fallow based on the following condition of the trees: no vegetative growth for the age of the trees, bad origins, bad land preparation, and no resistance to fungus. The trees are not expected to produce a yield or generate any future revenues. As such, the Company has identified the costs associated with these hectares originally capitalized as Plantation Development Cost and Deferred Growing Cost, which capitalized costs are not expected to be recoverable, and has recognized the following impairment charges for the period ended September 30, 2012.

Deferred growing costs with a carrying value of \$4,310,038 were written down to the fair value of \$4,238,909 resulting in an impairment charge of \$71,129, which was included in net loss for the period. The Company estimated the fair value of these assets using the income based approach considering the cash flows that would be obtained as a result of distribution of product tied to those deferred growing costs. The income based approach utilizes unobservable inputs. Due to the use of unobservable inputs, we classify the fair value of these growing areas within Level 3.

Plantation development costs (included in property and equipment), which had a carrying value of \$8,934,313 were written down to the fair value of \$8,478,489, resulting in an impairment charge of \$455,824, which was included in net loss for the period. The Company estimated the fair value of these assets using the income based approach considering the cash flows that would be obtained as a result of the production and distribution of product in areas of continued production. The income based approach utilizes unobservable inputs. Due to the use of unobservable inputs, we classify the fair value of these growing areas within Level 3.

There was no impairment charge and no related nonrecurring fair value measurement, for the period ended September 30, 2011.

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ITEM 2. MANAGERMENTS' 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 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 negative 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. Additional factors that may have a direct bearing on our operating results are described under "Risk Factors" and elsewhere in this report.

Introductory Comment

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 (which used to be a Utah corporation until July 19, 2011), formerly known as Medical Discoveries, Inc., 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.

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. ("GCEH") is a California-based energy agri-business focused on the development of non-food based bio-fuel feedstock. GCEH is focusing on the commercialization of oil and biomass derived from the seeds of *Jatropha curcas* ("Jatropha") - a native non-edible plant indigenous to many tropical and sub-tropical regions of the world, including Mexico, the Caribbean and Central America. Jatropha oil is high-quality plant oil used as a direct replacement for fossil fuels or as feedstock for the production of high quality first and second generation biofuels like bio-diesel, renewable diesel or bio-jet, which are direct replacements for diesel fuel and jet fuel. While all of our agricultural activities currently involve the production of Jatropha, in the future we plan to produce biofuels

from other feedstocks, such as camelina sativa.

Our current principal business activities include the planting, cultivation, harvesting and processing of Jatropha to generate plant based oils and biomass for use as replacements for fossil fuels. Our strategy is to leverage our agricultural operations management experience and specifically our Jatropha based bio-fuels knowledge, experience and capabilities through the following means:

- Own and operate energy farms for our own account.
- Own, operate and manage energy farms through joint ownership agreements. We currently operate two farms located in Mexico under joint ownership arrangements: the first farm comprises 5,149 acres; the second farm, consisting of 3,700 acres. The first farm is fully planted. We completed planting the second farm by the end of March 2012. In 2011, through our joint venture, we have also acquired approximately 5,600 acres of additional land that is located in Mexico near our other two farms. As of this date, these additional acres have not been developed. Depending on the results of our first two farms, we may develop this additional land.
- Provide energy farm development and management services to third party owners of energy farms. We currently provide such development and advisory services with respect to a Jatropha farm located in the Caribbean, Mexico, Central America and Africa, and we plan to expand this initiative.
- Provide turnkey franchise operations for individuals and/or companies that wish to establish energy farms in suitable geographical areas.

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Organizational History/Current Operations

This company was originally incorporated under the laws of the State of Utah on November 20, 1991. In 2007, we entered the bio-fuels business. On July 19, 2010, we changed our state of incorporation to the State of Delaware.

Our bio-fuels operations in Latin America are managed through our wholly owned subsidiary in Mexico, Globales Energia Renovables. Our principal farming operations are conducted on two farms, consisting of an aggregate of 8,849 acres located near the town of Tizimin in the State of Yucatan, Mexico. The following is a summary of certain factors relevant to an understanding of the operations of the Tizimin farms:

1. The Jatropha plants in a portion of the first 5,149 acre farm in Mexico have now matured sufficiently to produce seeds. The trees that were initially planted after we commenced operations in Mexico in October 2009 are now starting to mature. As a result, we anticipate that harvests of Jatropha seeds will commence before the end 2012 and increase thereafter.
2. Our Mexican operations are eligible for agricultural and other subsidies provided to certain farming operations by the federal government of Mexico. To date we have received a total of \$1,388,000 in governmental subsidy payments, with additional amounts expected to be received later in 2012. These subsidies are spent in Mexico and help defray some of the initial start-up costs that we have incurred in establishing these farms.
3. We continue to operate a seedling nursery for new Jatropha trees in the Tizimin Mexico area, which provide seedlings for our new farm and any additional farms that we acquire or develop in the future. We can also sell seedlings from this nursery to other Jatropha farmers or developers.
4. Fruit and seed handling, seed storage, oil extraction facilities, germplasm resources, and livestock (sheep) capabilities are all being expanded in anticipation of our growing Jatropha operations. We have recently leased land in Tizimin where we will expand our oil extraction capabilities to support our expected harvests commencing the end of this year, and beyond.
5. Our Mexican farms are being developed for the purpose of producing feedstock for bio-fuels from Jatropha seeds. However, our development and cultivation of these farms has also enabled us to generate ancillary revenues from these operations. For example, we have received revenue from the sale of biomass (waste wood removed from our farms as the land is prepared for Jatropha planting), sales of sheep that graze on our lands and control weeds, and the sale of the presscake from the Jatropha seeds which remains after oil extraction.
6. Total capital paid for land, expenses and operations, since inception, for the two operating farms in the Tizimin area (through September 30, 2012) is \$23,471,000.
7. In 2012 we entered into a services agreement to provide advisory services related to the development of a Jatropha farm in the Caribbean. In the quarter ended September 30, 2012, we recognized \$65,000 of farm advisory revenues from the services related to the Caribbean development. In connection with providing these services, we leased a parcel of land in the Caribbean to develop a research farm to provide these Jatropha development and evaluation services, in anticipation of a larger development for this same customer. We have also provided advisory services for companies related to potential use of Jatropha farming and the use of the products in the United States, South America and Africa.

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.

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Agricultural Producer. All costs incurred until 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 A to the Consolidated Financial Statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Results of Operations

Revenues. During the three and nine-month period ended September 30, 2012 we recognized revenue of \$118,075 and \$793,097, respectively, as compared with \$358,187 and \$729,739 for the same periods in 2011. The revenues that we generated in 2012 and 2011 represented (i) fees for Jatropha related advisory services we rendered to third parties, (ii) agricultural subsidies received from Mexican governmental agencies, and (iii) sales of Jatropha oil and Jatropha seeds and other products (waste wood, Jatropha seed husks, etc.). Revenues during the three-month period ended September 30, 2012 decreased by \$240,112 from the comparable 2011 fiscal quarter because we only received \$39,431 in agricultural subsidies from the Mexican government in the current fiscal quarter, compared to \$248,429 of such subsidies in the same quarter last year. The increase in revenues for the nine-month period ended September 30, 2012 compared with the same period in 2011 is primarily the result of \$288,000 of advisory revenue that we realized in the September 30, 2012 fiscal quarter, offset by a decrease in government subsidies. 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. In the longer term, our goal is to generate substantial revenues from the Jatropha trees that we first planted three years ago, which trees are now maturing. We anticipate that sales of Jatropha seeds will become a material source of revenues for our Mexican operations.

General and Administrative Expenses. Our general and administrative expenses related to the three and nine-month periods ended September 30, 2012 were \$418,663 and \$1,671,040, respectively, compared to \$549,870 and \$1,639,064 for the same periods in 2011. General and administrative expense principally includes 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. The increase in general and administrative expenses for both the three months and nine months ended September 30, 2012, compared to the same periods in 2011 was primarily the result of increased administrative staffing and other administrative costs reflecting the increases in the scope of our Mexican operations .

Plantation Operating Costs. For the three and nine-month periods ended September 30, 2012, we recorded Plantation Operating Costs from the operations of the farms of \$182,322 and \$533,566, as compared with \$125,076 and \$251,447 in the same periods in 2011. This increases were due to increased farming activities at our second Mexico farm.

Other Income/Expense. Interest expense for the three and nine-month periods ended September 30, 2012, increased to \$224,288 and \$632,415, respectively, from \$142,140 and \$406,208 for the comparable three and nine month periods ended September 30, 2011. As of September 30, 2012, we owned approximately 15,000 acres of land in Mexico that is subject to interest bearing mortgages. As of September 30, 2011, we only owned approximately 8,850 acres of land that was subject to interest bearing mortgages. Because we purchased the additional land in the fourth quarter of

2011, we did not pay interest on the additional mortgages during the first two quarters of 2011. Another principal component of Other Income/Expense for the three and nine- month periods ended September 30, 2012 was \$80,817 and \$595,290 of gain that we recognized from the settlement of liabilities. Gain on settlement of liabilities represents gains we realized by discharging historic liabilities (most of which were incurred while this company operated as a developmental-stage bio-pharmaceutical company) at less than the accrued amount of such liabilities. We did not extinguish any other historical debts during any of the 2011 reported periods.

Income (Loss) from Discontinued Operations. During the threemonth period ended September 30, 2012, we recognized a gain from discontinued operations of \$1,698, compared to a gain from discontinued operations of \$22,468 for the comparable period in 2011. For the nine-month period ended September 30, 2012, we recognized no gain or loss from discontinued operations, compared to a loss from discontinued operations of \$9,746 for the comparable period in 2011. The income or loss from discontinued operations for the periods ended September 30, 2012 and 2011 principally relates to foreign currency exchange rate gains or losses on liabilities associated with our former bio-pharmaceutical business, which are denominated in euros.

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Net loss attributable to the non-controlling interest. Effective April 23, 2008, we entered into a limited liability company agreement to form GCE Mexico I, LLC, a Delaware limited liability company (“GCE Mexico”), with six investors (collectively, the “Investors”). GCE Mexico I acquired the two Mexican farms through two Mexico subsidiaries, referred to as Asideros 1 and Asideros 2. Under GCE Mexico I, LLC’s operating agreement, the net loss allocated from Asideros 1 and Asideros 2 to GCE Mexico I, LLC is then further allocated to the members of GCE Mexico I, LLC according to the investment balances. We own 50% of the common membership interests in GCE Mexico I, LLC, but no preferred membership interests. Accordingly, since the common membership interest did not make a direct 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 I, LLC to the preferred membership interests.

Net income/loss attributable to Global Clean Energy Holdings, Inc. We recorded net losses of \$171,651 and \$215,569 for the three and nine-month periods ending September 30, 2012, as compared to a net loss of \$186,130 and \$639,515 for the comparable three and nine month periods in 2011. Our ability to generate net income will depend upon the amount of advisory services that we render at the corporate level, and the amount of revenues generated from our Mexico farms at the joint venture level. In addition to incurring farm operating expenses, we will continue to accrue significant interest expense on the mortgages that encumber the Tizimin, Mexico, farms. Although we anticipate that revenues from both our Jatropha operations and our advisory services will increase, we are unable to forecast if, or when such revenues will exceed our operating expenses.

Liquidity and Capital Resources

As of September 30, 2012, we had \$869,420 in cash or cash equivalents and had a working capital deficit of \$1,399,234, as compared with \$676,780 in cash and a working capital deficit of \$1,726,627 as of December 31, 2011. However, of the foregoing cash or cash equivalent balances held at September 30, 2012, only \$16,799 may be used for 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 additional securities, additional borrowings, or from an increase in operating revenues. Outstanding indebtedness at September 30, 2012 totaled \$14,712,969. The existence of the foregoing working capital deficit and total current and long term liabilities is expected to 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 from continuing operations of \$1,976,465 and of \$1,527,290 for the nine-months ended September 30, 2012 and September 30, 2011 respectively, and have an accumulated deficit applicable to its common shareholders of \$26,877,863 at September 30, 2012. Because of the foregoing factors and our negative cash flow from operations, our auditors have concluded that there is a substantial doubt about our ability to continue as a going concern.

To date, we have funded our corporate overhead and other public company costs and expenses from (i) the sale of securities, (ii) monthly payments we receive from our GCE Mexico I, LLC joint venture, and (iii) fees we receive for providing Jatropha related advisory services to third parties. During the nine-month period ended September 30, 2012, we received overhead reimbursements of \$281,770 from GCE Mexico I, LLC. We anticipate that our overhead reimbursements for the balance of the current fiscal year will continue at no less than the foregoing rate. In April 2012, in order to fund our working capital needs, we raised \$250,000 from the sale of shares of our common stock (at a price of \$0.03 per share). In addition, we anticipate that that we will continue to receive advisory service fees in the near term. The amount of cash on hand and the anticipated cash receipts from GCE Mexico and the advisory service clients will not, however, be sufficient to fund our working capital needs in the near term of for the next twelve

months. Furthermore, we do not have sufficient financial resources to fund our business plan (which includes the purchase of our own biofuel farms and other capital outlays). Accordingly, unless we enter into additional advisory service agreements or otherwise receive cash proceeds, we will have to obtain additional funding in the near future from the sale of our securities to fund our cash needs. No assurance can be given that we will be able to raise additional capital or that such additional capital will be on terms favorable to the company and its shareholders.

Our business plan contemplates that we will significantly expand our Jatropha business and operations (including establishing additional Jatropha farms that are owned and operated by us for our own account in Mexico and other locations), and possibly acquiring other biofuel feedstock projects. Although we anticipate that revenues from the Jatropha farms we currently own through our GCE Mexico I, LLC joint venture in Mexico will commence in later during the fourth quarter of 2012 and increase significantly thereafter, net cash generated from those operations will first have to be used to repay the capital contributed by our joint venture investors (plus their preferred return), for a combined total of \$22,755,390 as of September 30, 2012. As a result, the improving operations of the Mexico farms will not produce short-term cash for us 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 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 and carbon offset credits, and from other financing activities, such as strategic partnerships and joint ventures.

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Effective July 2, 2009, we purchased all of the outstanding capital stock of Technology Alternatives Limited, a company formed under the laws of Belize (“TAL”), from its four shareholders. TAL owned and operated a 400-acre farm in subtropical Belize, Central America. The Belize farm is inactive, and we are currently attempting to sell the farm. In connection with the purchase of all of the shares of TAL, we issued to the sellers, among other consideration, promissory notes in the aggregate amount of \$516,139 Belize Dollars (US \$269,510 based on exchange rates in effect at October 29, 2012), which notes are secured by a mortgage on the 400-acre farm. The promissory notes matured on August 15, 2012 and are currently in default. If we are able to sell the Belize farm at the approximate fair market value of that land, we will receive sufficient sale proceeds to repay the TAL notes in full and will also generate additional proceeds for our working capital purposes. Since we did not sell the Belize farm, we will have to ask the note-holders for an extension. To date, the holders of the TAL notes have not declared a default and have not commenced any foreclosure proceedings. No assurance can, however, be given that the holders of the TAL notes will continue to grant us additional time in which to sell the Belize farm and repay the note.

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 our own 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.

On December 22, 2009, we sold all patents, rights, and data associated with our legacy pharmaceutical assets to Curadis GmbH for 350,000 Euros and a revenue sharing arrangement that could pay up to 2,000,000 Euros should such legacy pharmaceutical assets ever be commercialized by the buyer. In February 2012 Curadis GmbH informed us that it had licensed some of the ancillary patents and rights to an affiliated cosmetics company. As part of that licensing arrangement, Curadis GmbH paid us an up-front licensing fee of 15,000 Euros, and agreed to pay us a royalty of 4.5% of all net sales of products sold using the licensed technology. Curadis further agreed that if we do not receive royalty payments, on a cumulative basis, of 300,000 Euros under this cosmetics license by December 31, 2014, the licensed patents will be returned to us. Curadis has also informed us that it is hopeful that the other, non-cosmetics legacy pharmaceutical assets will be commercialized within the next two to three years. We will continue to maintain a security interest in such assets until such time as, if ever, we are paid a total of 2,000,000 Euros. While we anticipate that we will receive additional payments from Curadis under this new license, the amount and timing of such license payments are unknown and are not expected to significantly contribute in 2012 to our liquidity.

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.

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Based upon our evaluation, we also concluded that 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.

On April 12, 2010, Mobius Risk Group, LLC (“Mobius”) filed a complaint against us in the United States District Court Southern District of Texas Houston Division, alleging that we failed to pay Mobius a total of \$551,178. We have disputed the Mobius claim, and asserted a counter claim against Mobius. On November 2, 2012 the parties entered into a settlement agreement pursuant to which all claims were settled. The case is expected to be dismissed in November 2012. Under the settlement agreement, as payment in full we have agreed to issue to Mobius an unsecured promissory note for \$75,000 paid over 22 months. Our past financials reflected a reserve of \$322,897 against this complaint, which is no longer due, therefore we will recognize a gain in November 2012, which will have a positive effect on our 2012 year end financials.

On July 13, 2010, Dee Burgess, a former consultant of Medical Discoveries, Inc. (the name of our company until changed in connection with our new Jatropa business), filed a complaint against the Company in the Third Judicial District Court, State of Utah. The complaint alleged that Ms. Burgess was owed \$80,000 for services allegedly provided to the Company in 2004, 2005, and 2006. We filed a counterclaim and in August 2012, the parties signed a Settlement Agreement and Release of All Claims, in which all claims filed by both parties were settled. The case was formally dismissed in September 2012. Neither party made any payments to the other party in connection with the settlement and dismissal. Our past financials reflected a reserve of \$80,000 against this complaint, which is no longer due. Therefore we recognized a gain in September 2012, which had a positive effect on our 2012, 3rd quarter financials.

There are no other legal proceeding pending.

ITEM 1A. RISK FACTORS.

Information regarding risk factors appears under “Risk Factors” included in Item 1A, Part I, and under Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the year ended December 31, 2011. Except as set forth below, there have been no material changes from the risk factors previously disclosed in the above-mentioned periodic report.

Foreclosure of Belizean Jatropa Farm. We currently owe the four former owners of our 400-acre farm in Belize, Central America, loans in the aggregate amount of \$516,139 Belize Dollars (US \$269,510 based on exchange rates in effect at October 29, 2012), which loans are secured by a lien on the 400-acre farm. We are currently attempting to sell this land in order to repay the loans and realize a gain on our investment. However, the promissory notes matured on August 15, 2012, and is currently in default. We have not yet been able to sell the land. To date, the holders of the foregoing notes have not declared a default and have not taken any action to foreclose on the mortgage. Accordingly, we intend to request a further extension on the maturity date of the promissory notes. If the holders of the notes do not grant us an extension on the maturity date, or if they declare a default on the notes, they could commence foreclosure proceedings against the land, which could result in the loss of the land and a loss on our investment. No assurance can be given that the lenders will not commence foreclosure proceedings or that we will be able to obtain an extension on the maturity date of the notes.

Agricultural Risks – General. Once the trees at our Mexico farms fully mature and produce commercial quantities of Jatropha seeds, the agricultural operations at our Mexico farms are expected to generate the largest portion of our future revenues. Agriculture operations are subject to a wide variety of risks including delays in blooming of the plants, changes in product pricing due to variations in supply and demand, weather, disease, input costs and product yield.

The Company's Agricultural Assets Are Concentrated and the Effects of Adverse Weather Conditions Can Be Magnified. The Company's agricultural operations are concentrated in the center of the Yucatan peninsula, near Tizimin, Mexico. All of these areas are subject to occasional periods of drought, excess rain, flooding, and possible hurricanes. Jatropha trees require water in different quantities at different times during the growth cycle. Accordingly, too much or too little water at any given point can adversely impact production. While the Company attempts to mitigate controllable weather risks through water management and variety selection, its ability to do so is limited. The Company's operations in Mexico are also subject to the risk of hurricanes. Hurricanes have the potential to destroy crops and impact Jatropha production through the loss of fruit and destruction of trees either as a result of high winds or through the spread of windblown disease. Because our agricultural properties are located in relative close proximity to each other, the impact of adverse weather conditions may be magnified in the Company's results of operations.

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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

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation 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

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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: November 9, 2012

GLOBAL CLEAN ENERGY HOLDINGS, INC.

By: /s/ RICHARD PALMER
Chief Executive Officer and interim
Chief Financial Officer

