# 10-Q: GLOBAL CLEAN ENERGY HOLDINGS, INC.

By

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(EDGAR Online via COMTEX) -- ITEM 2. MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including our plans to cultivate, produce and market non-food based feedstock for applications in the bio-fuels market, any projections of the date and amount of our Jatropha or Camelina harvests, forecasts regarding our revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All Forward-Looking Statements included in this document are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any Forward-Looking Statement. In some cases, Forward-Looking Statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the 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.



Introductory Comment

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

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

Global Clean Energy Holdings, Inc. is not related to, or affiliated in any manner with "Global Clean Energy, Inc.", an unaffiliated public

company. Readers are cautioned to confirm the entity that they are evaluating or in which they are making an investment before completing any such investment.

Overview

Global Clean Energy Holdings, Inc. is a U.S.-based, multi-national, energy agri-business focused on the development of non-food based bio-feedstocks. We have full service in-house development and operations capabilities, which we provide support to our own energy farms and to third parties. With international experience and capabilities in eco-friendly biofuel feedstock management, cultivation, production and distribution, we believe that we are well suited to scale our existing business.

Since 2007, our business focus has been on the commercialization of non-food based oilseed plants and biomass. We began with the development of farms growing Jatropha curcas ("Jatropha") - a non-edible plant indigenous to many tropical and sub-tropical regions of the world, including Mexico, the Caribbean and Central America. On March 13, 2013, we acquired Sustainable Oils, LLC, a Delaware limited liability company that has extensive experience in the development and farming of Camelina as an energy crop. In that acquisition, we also acquired certain intellectual property, including issued patents, related to Camelina production. As a result of the acquisition, our biofuels operations have expanded into the development of Camelina sativa ("Camelina") - an annual plant from the brassica family traditionally grown in northerly regions of the United States, Europe and Asia. We have focused on these two plants primarily because we feel they are complementary to one another, have the potential to produce oil seed crops economically,

they generally require less water and fertilizer than many conventional crops, and can be grown on land that is normally unsuitable for food production or is fallow or idle due to crop rotation. Both Jatropha and Camelina oil are high-quality plant oils used as direct substitutes for fossil fuels and as feedstock for the production of high quality biofuels and other bio-based products. Both crops have been tested and proven to be highly desirable feedstocks capable of being converted into ASTM approved fuels. The term "biofuels" refers to a range of biological based fuels including bio-kerosene (a.k.a bio-jet fuel) biodiesel, renewable diesel, green diesel, synthetic diesel and biomass, all of which have environmental benefits that are the major driving force for their adoption. Using biofuels instead of fossil fuels reduces net emissions of carbon dioxide and other green-house gases, which are associated with global climate change. Both Jatropha and Camelina oil can also be used as a chemical feedstock to replace fossil and non-food based products that use edible oils in their manufacturing or production process. The residual material derived from the oil extraction process is called press-cake or meal, which in the case of Jatropha is a high-quality biomass that has been proven and tested as a replacement for a number of fossil-based feedstocks, fossil fuels and other high value products such as renewable charcoal, fertilizers, and animal feed. Camelina meal is high in Omega3 and has already been approved by the FDA as a livestock (animal) feed or enhancement in the United States.

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

· Own and operate biofuel energy farms for our own account.

· Own, operate and manage farms in a joint venture (JV) with either strategic partners or financial investors. We currently own three and six Jatropha farms in Mexico under such joint ownership arrangements:

· Contract with third party farmers (such as wheat and barley farmers) for the farming of significant acreage of Camelina sativa on their idle land which is in rotation with their other crops in the United States and many parts of Europe.

· Produce and sell certified Camelina seed (which seed is based upon our patented, high-yielding elite varieties) to farmers in the United States and internationally.

· Provide energy farm development and management services to third party owners of biofuel energy farms and to non-energy farmers looking to utilize energy crops in rotation or inter-cropped with their existing crops. Provide advisory services to farmers wishing to certify their farms under international sustainability or carbon certification standards, specifically the Roundtable on Sustainable Biomaterials (RSB) and Gold Standard Verified Emission Reductions (GS-VERs). We are currently managing a Jatropha farm in the Caribbean under a contract with a third party who wishes to significantly expand to provide large volumes of plant based oil and biomass to fuel their industrial process.

· Provide turnkey franchise operations for individuals and/or companies that wish to establish purpose specific energy farms in suitable geographical areas.

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

Organizational History

This company was originally incorporated under the laws of the State of Utah on November 20, 1991. On July 19, 2010, we changed the state of our incorporation from Utah to Delaware. Our principal executive offices are located at 2790 Skypark Drive, Suite 105, Torrance, CA 90505, and our current telephone number at that address is (310) 641-GCEH (4234). We maintain a website at:

www.susoils.com. Our Internet websites and the information contained therein, or connected thereto, are not and are not intended to be

incorporated into the Annual Report on Form 10-K at December 31, 2013 or into this quarterly report on Form 10-Q.

Critical Accounting Policies

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

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

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

Results of Operations

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

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

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

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

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

Net loss attributable to the non-controlling interest. Our Mexico farm operations are owned through GCE Mexico I, LLC, a Delaware limited liability company ("GCE Mexico"). We own 50% of the common membership interests of GCE Mexico and one investor currently owns the other 50% of the common membership interests. The proceeds from the sale of the preferred membership units, and from subsequent capital contributions, have been used to fund the operations of Asideros Globales Corporativo 1 ("Asideros 1") and Asideros Globales Corporativo

first two Jatropha farms. Asideros Globales Corporativo 3 ("Asideros 3") acquired our third farm in October 2011, but had no impact on the results of our operations. GCEH directly owns 1% of Asideros 1, Asideros 2 and Asideros 3, and the balance is owned by GCE Mexico. Accordingly, we own 50.5% of Asideros 1, Asideros 2 and Asideros 3 either directly or through our common membership interest in GCE Mexico. As such, our consolidated financial statements include the accounts of the Asideros farm entities. Under GCE Mexico's LLC Agreement, the net loss allocated from these entities to GCE Mexico is then further allocated to the members of GCE Mexico according to the investment balances. Accordingly, since the common membership interest did not make a capital contribution, all of the losses allocated to GCE Mexico have been further allocated to the preferred membership interest. The net loss attributable to the non-controlling interest in the accompanying Consolidated Statement of Operations represents the allocation of the net loss of GCE Mexico to the preferred membership interests.

Net income/loss attributable to Global Clean Energy Holdings, Inc. The Company recorded net losses of $347,269 and $675,735 for the three and six months ended June 30, 2014, respectively as compared with $737,878 and $975,881 in the same periods of 2013. The amount of advisory and management services that we render at the corporate level, the amount of revenues generated from our Jatropha

farms in Mexico, and on the amount of revenues we generate from our new Camelina operations increase our ability to generate net income in the future. In addition to incurring farm operating expenses in Mexico for our Jatropha operations, we will continue to accrue interest expense on the mortgages that encumber the Tizimin, Mexico, farms. We anticipate that we will generate new revenues from our Camelina operations and that revenues from our Jatropha farm operations will increase.

Liquidity and Capital Resources

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

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

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

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

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

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

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

Camelina Operations. In March 2013, we acquired the business and assets of Sustainable Oils, LLC, a company that has been engaged in developing Camelina products since 2007. Sustainable Oils has generated over $20 million in revenues during the past three years, but has incurred a loss of approximately $5.8 million during that time. The new Camelina operations will require a significant amount of additional cash to scale up its operations and to reach profitable operations. We will operate the Camelina business that we acquired through a subsidiary Sustainable Oils LLC, which we capitalized with the Sustainable Oils intellectual properties and operating assets that we recently

purchased. Furthermore, our goal is to fund the operations and expansion of the Camelina operations with new debt or equity that we are in the process of raising specifically for the Camelina subsidiary. We have been in discussions with a number of sources for the additional funding, but we have not entered into any binding arrangements for the desired amount of new funding. No assurance can be given that we will obtain the additional capital necessary to operate and grow our new Camelina operations. In the event that we do not obtain the necessary amount of financing to properly operate and scale up our new Camelina operations, those operations are expected to continue to operate at a loss.

As partial consideration for the Camelina assets that we purchased in March 2013, we issued a $1,300,000 promissory note. The promissory note bears simple interest at the rate of ten percent (10.0%) per annum, and is payable upon the earlier of the following: (a) to the extent of 35.1% of, and on the third business day after a Qualified (equity) Funding; or (b) September 13, 2014 and has been extended to December 31, 2014. The term "Qualified Funding" means all equity funding in excess of the $800,000, in the aggregate, received by us for our Camelina business. Our obligations under the promissory note are secured by a first priority lien on certain tangible assets included in the purchase of the Camelina assets. The promissory note is a full recourse obligation. However, the holder of the promissory note has agreed that if the holder has to pursue the collection of amounts due under the promissory note, the holder will not seize or take any action to collect any amounts due and owing against any of the Company's assets (including its cash) related to a line of business other than the Camelina business. In September 2014, we renegotiated the terms of the note and agreed to return certain tangible assets that constituted the collateral under the promissory note to the holder of the promissory note in exchange for a reduction of the amount owed under the promissory note and an extension of the maturity date to December 31, 21014. The promissory note is no longer secured by any tangible assets.

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

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

Jan 05, 2015

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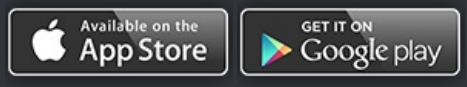
Early To Rise






**BULLETIN**

Oil futures lose more than 9% in January