

Global Clean Energy Holdings, Inc.  
Form 10-K  
March 22, 2012

---

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

---

FORM 10-K

---

- ☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2011
- ☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-12627

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

---

Delaware  
(State or other jurisdiction  
of  
incorporation or  
organization)

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

100 W. Broadway, Suite 650  
Long Beach California 90802  
(Address of principal executive  
offices)

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

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

Securities registered under Section 12(g) of the Act: Common Stock, \$0.001 par value.

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Edgar Filing: Global Clean Energy Holdings, Inc. - Form 10-K

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

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

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

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

Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2011 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$6,533,256.

The outstanding number of shares of common stock as of March 13, 2012 was 285,062,812.

Documents incorporated by reference: None

---

Table of Contents

Form 10-K

|                                                                                                                 | Page |
|-----------------------------------------------------------------------------------------------------------------|------|
| <b>PART I</b>                                                                                                   |      |
| <b>ITEM 1. BUSINESS.</b>                                                                                        | 1    |
| <b>ITEM 1A. RISK FACTORS.</b>                                                                                   | 11   |
| <b>ITEM 1B. UNRESOLVED STAFF COMMENTS</b>                                                                       | 20   |
| <b>ITEM 2. PROPERTIES.</b>                                                                                      | 20   |
| <b>ITEM 3. LEGAL PROCEEDINGS.</b>                                                                               | 21   |
| <b>ITEM 4. MINE SAFETY DISCLOSURES</b>                                                                          | 21   |
| <b>PART II</b>                                                                                                  |      |
| <b>ITEM 5. SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.</b>                                  | 21   |
| <b>ITEM 6. SELECTED FINANCIAL DATA.</b>                                                                         | 23   |
| <b>ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.</b>           | 23   |
| <b>ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.</b>                                                     | 28   |
| <b>ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.</b>            | 28   |
| <b>ITEM 9A. CONTROLS AND PROCEDURES.</b>                                                                        | 28   |
| <b>ITEM 9B. OTHER INFORMATION</b>                                                                               | 29   |
| <b>PART III</b>                                                                                                 |      |
| <b>ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.</b>                                        | 29   |
| <b>ITEM 11. EXECUTIVE COMPENSATION.</b>                                                                         | 31   |
| <b>ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.</b> | 35   |
| <b>ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.</b>                      | 36   |
| <b>ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.</b>                                                         | 37   |
| <b>PART IV</b>                                                                                                  |      |

|      |                                             |    |
|------|---------------------------------------------|----|
| ITEM |                                             |    |
| 15.  | EXHIBITS AND FINANCIAL STATEMENT SCHEDULES. | 38 |

---

## DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report, including any documents which may be incorporated by reference into this Annual 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 biofuels market, any projections of 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 the timing and size of Jatropha harvests, 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 Annual Report on Form 10-K, the terms “we,” “us,” “our,” and “our company” refer to Global Clean Energy Holdings, Inc., a Delaware corporation that was formerly a Utah corporation known as Global Clean Energy Holdings, Inc. and prior to its name change in 2008, was 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, 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.” Readers are cautioned to confirm the entity that they are evaluating or in which they are making an investment before completing any such investment.

## PART I

### ITEM 1. BUSINESS.

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

Since 2007, our focus has been 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 trees generally require less water and fertilizer than many conventional crops, and can be grown on land that is not normally suitable for the production of food. Jatropha oil is high-quality plant oil used as a direct replacement for fossil fuels, as feedstock for the production of high quality bio-fuels. The term “bio-fuels” refers to a range of biological based fuels including bio-kerosene (a.k.a bio-jet fuel) bio-diesel, renewable diesel, green diesel, synthetic diesel and biomass, most of which have environmental benefits that are the major driving force for their introduction. Using bio-fuels instead of fossil fuels reduces net emissions of carbon dioxide and other green house gases, which are associated with global climate change. Jatropha 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, which 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.

Our business plan and 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 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 Jatropha farms for our own account.
- Own, operate and manage three Jatropha farms located in Mexico under joint ownership arrangements: The first farm comprises 5,149 acres; the second farm is approximately 5,100 acres, and the third farm is 5,557 acres. The first two farms have been fully planted, and the first farm is expected to produce significant quantities of Jatropha in 2012. We anticipate that second farm will begin producing Jatropha seeds in 2012-2013. We expect to commence developing the third farm after we achieve consistent, significant yields in the first farm.
- Provide Jatropha farm development and management services to third party owners of Jatropha farms. In 2011 we provided advisory services for proposed Jatropha farms located in Mexico, the Caribbean, Central America, South America and Africa, and we will seek to expand this initiative in the current fiscal year.
- Provide turnkey Franchise Operations for individuals and/or companies that wish to establish Jatropha farms in suitable geographical areas.

In addition to generating revenues from the sale of non-food based plant oils and biomass, we are seeking to generate and monetize carbon credits from the farms we own and manage. Under the original 1997



Kyoto Protocol, a worldwide carbon credit trading market was established where regulated entities can purchase credits generated in non-developed countries in order to meet internationally binding CO<sub>2</sub> emissions reduction targets. The compliance carbon market remains in a state of considerable uncertainty after the climate summit in Durban, South Africa in 2011 did not produce any binding, long-term emission reduction commitments. In addition to the market established under the Kyoto Protocol, there are other voluntary carbon certification registries that allow emission reducing projects to generate and monetize carbon credits. A voluntary credit, in some instances, can command a premium to the Kyoto (certified) credits. Under the guidance of an industry leading carbon credit development firm, we have commenced the certification process necessary to sell carbon credits. Based on their extensive feasibility study, our project's ability to successfully generate credits has been confirmed; however, we have not yet registered credits or made any credit sales.

We continue to expand our research and development activities concerned with achieving sustainable, commercial yields of *Jatropha* seeds, enhancing the plant characteristics, reducing operating costs and improving our production capacity and efficiency. Specifically, our research activities focus on (i) optimizing genetic development (i.e., the quality of the *Jatropha* plants), (ii) optimizing agronomic development and plant nutrition (i.e., soil conditions optimal for *Jatropha* cultivation), and (iii) improving agricultural technologies relating to the care and custody of the *Jatropha* plant, and the processing of resulting products. We continue our research and development efforts toward the improved commercialization of *Jatropha* at our research and test facility in Tizimin, Mexico.

#### Organizational History

This 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 (see, "Legacy Bio-pharmaceutical Assets," below).

On July 19, 2010, we changed the state of our incorporation from Utah to Delaware. Our principal executive offices are located at 100 W. Broadway, Suite 650, Long Beach, Los Angeles County, California 90802, and our current telephone number at that address is (310) 641-GCEH (4234). We maintain a website at: [www.gceholdings.com](http://www.gceholdings.com). Our annual reports, quarterly reports, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), and other information related to this company are available on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Internet website and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Annual Report on Form 10-K.

#### Developments During 2011

During the fiscal year ended December 31, 2011, we achieved the following milestones in the development of this company:

- We increased revenues by over 50%;

-

We continued to improve our balance sheet by removing legacy liabilities and improving revenues, we have posted a profit for fiscal year 2011 of \$271,000;

- We acquired an additional 5,557 acres in Mexico, thereby increasing our farm acreage by over 54%;

- We committed to acquiring a small farm in the Dominican Republic, which we are using as a research farm to test and research the growth of multiple varieties of Jatropha plants in the Dominican Republic;
- We increased our full time employees by over 30% to 488;
- We increased our asset base by approximately \$5.1 million, an increase of over 46%, while increasing our liabilities by less than 34%. We plan to continue to invest in assets and expand our farming operations;
- We reduced our general and administrative expenses by more than 21% compared to 2010;
- We raised an additional \$7.9 million in project equity and financing; and
- We continued to supply test quantities of Jatropha oil to Aeropuertos y Servicios Auxiliares, the Mexican National Airport authority, to be converted by Honeywell's UOP division, into bio-jet fuel for commercial jet fuels. This is part of an international bio-jet initiative.

## Business Operations

We are a multi-national energy agri-business with development and operations activities concentrated primarily in the State of Yucatan, Mexico. We maintain in-house staff for the development, management, cultivation, production and distribution of plant-based feedstock used to offset fossil fuels. Our business plan and current principal business activities include the planting, cultivation, harvesting and processing of Jatropha to generate seed oils and biomass for use in the bio-fuels industry, including the production of bio-jet, bio-diesel and green diesel as well as alternative feedstocks for fertilizers, animal feed and for green chemicals and other products which can use non-edible oils to replace edible oils.

Our vision and strategy is to grow and expand our farming and processing business to the level where economies of scale and our methods of operations allow us to generate significant profits without the need for subsidies. The processes and procedures we employ to plant and cultivate Jatropha for our business are being continually refined in order to produce "best practices" for Jatropha farm operations. By focusing on improving our Jatropha operations and the technology we apply to our operations, we plan to operate economically sustainable Jatropha farms (i.e. without use of subsidies), which can replace fossil fuels at a production cost below \$42 per barrel or \$1.00 per gallon. By continuing to invest in leading-edge genetic, agronomic (soil) and horticulture technology research and development, we expect to develop high-yielding Jatropha trees that deliver renewable energy feedstock into the market at very competitive prices.

Our strategy is to leverage our farming and energy knowledge, experience and capabilities through the following means:

**Company Farms.** Previously, we operated farms that are classified as "Company farms" in Belize and in Mexico. Both were developed as research and test farms, and seed supply farms. We have since centralized and consolidated these efforts at our larger commercial farms in Mexico, where our field research station is located. This allows us to centralize our scientific research and make more efficient use of our plant and soil scientists and facilities. As our commercial farms in Mexico have expanded, it is more economical to perform these functions at our commercial farms and we have the additional benefit of applying our research to our commercial farming practices. We have, therefore, reclassified our Belizean farm as an investment property and are currently attempting to sell that farm.

**Research Farms.** In 2011 we committed to the development and operation of a research farm in the Dominican Republic. This farm will be used to test and research the growth of multiple varieties of Jatropha in the Dominican

Republic for future commercial farm expansion in the region.

**Partnership Farms Owned Via Joint Ventures.** We currently own three farms through joint venture arrangements with third party financing sources. Our first farm in Mexico is our largest farm with approximately 5,149 acres of land near Tizimin, in the Yucatan peninsula in Mexico. The second farm, consisting of approximately 5,100 acres, is located adjacent to the first farm. Both farms have been prepared and planted with over 6.0 million *Jatropha* trees. All the necessary roads and other support infrastructure have been developed to support the operations of the first two farms. The first, and older, farm is expected to produce significant quantities of *Jatropha* seeds in 2012. The *Jatropha* trees in the second farm are expected to gradually mature to become fruit bearing trees commencing in late 2012 and 2013. Sales from these two farms to date have primarily consisted of seeds for propagation, biomass used in specialty purposes, and oil and biomass for testing by potential customers.

In 2012, we acquired our third farm, consisting of approximately 5,557 acres, at a location that is approximately five miles from the first two Mexican farms. For additional information regarding our joint venture operations, see “*Jatropha* Farming Operations—Tizimin--Mexico Farm,” below.

***Jatropha* Farm Development and Management Services.** The company currently provides development and management services to unaffiliated companies and individuals who are planning the development and implementation of *Jatropha* farms. These services are provided on a fee-for-service basis and generally begin with feasibility studies, and are often followed by management contracts that provide us with the ability to develop and operate these farms on a go-forward basis. During the past two fiscal years, we have provided such advisory and management services for new *Jatropha* farm operations based in Mexico, the Dominican Republic, South America, Africa, and the United States. Our plan is to increase the level of development and management services that we provide as a means of generating near-term revenue and profits, and to allow us to fund the continued expansion of our technical services team.

**Contract *Jatropha* Farms.** We have established a strategy and the processes to allow us to contract the farming operation on non-company owned farms, which are located near our core farms, to third party farmers. The farmers will farm their own land under our direct supervision, utilizing our “best practices processes” for *Jatropha* cultivation with the support of our technical services team of agri-business professionals. This program will allow us to expand our business while still ensuring success. We have not yet entered into any agreements under this format.

**Franchise *Jatropha* Farms.** The Company has established a program for offering franchise operations for *Jatropha* Farms. This program consists of all of the necessary programs and procedures to establish and operate a *Jatropha* farm profitably. The program also entails establishing and providing methods to obtain all necessary equipment and supplies. The Company is in discussions with several parties, but as of this filing, no franchise agreements have been executed.

Our core activities consist of planting, cultivating, harvesting and processing of *Jatropha* feedstock to generate seed oils and biomass for use in the bio-fuels industry and other high value industrial processed which use fossil based or plant based oils as their feedstock, including the production of bio-diesel and renewable diesel, and other high value bio-fuels.

We have identified the *Jatropha curcas* plant as our primary feedstock for producing bio-diesel and other bio-fuels but we continue to research and test other plant species. The *Jatropha* plant is a perennial tree that produces an inedible fruit with large seeds containing a high percentage of high quality inedible oil. The entire fruit, including the seeds, has excellent properties necessary for the production of bio-fuels or as a direct replacement for fossil fuels. Our plan is to utilize the entire fruit of the *Jatropha* plant for bio-fuel production, including the oils produced from the fruit, and the seed cake (press cake). We will utilize the fruit (hull) as a fertilizer for our trees to reduce our fertilizer costs.

We have identified strategic locations in North America, the Caribbean, Central America and South America ideally suited to our Jatropha planting, cultivation, harvesting and processing activities. These locations have been selected for a number of key strategic reasons, including proximity to large ports for logistics purposes, relatively stable democratic governments, favorable trade agreements with the United States, low-cost land, reasonably priced labor, favorable weather conditions and acceptable soil conditions. We presently maintain farm properties in the Yucatan peninsula, Mexico, on which we have commenced planting Jatropha and where we conduct research and development activities focusing on plant genetics, soil sciences, plant breeding and other related activities. We also use these facilities for research that is conducted in collaboration with The Center for Sustainable Energy Farming ([www.CfSEF.org](http://www.CfSEF.org) ). We continue to sponsor and support the research to identify and develop improved Jatropha varieties, as well as to establish ideal growing conditions, in order to maximize our output of Jatropha fruit, seed oil and biomass while reducing inputs and maximizing resistance to pests and diseases. We also have executed collaboration agreements with a number of developers and researchers around the world and are in process with a number of joint research programs to test various “elite” varieties for their applicability in the Latin American market.

Our business plan also includes the further development of more efficient seed oil extraction technologies and techniques and the expansion of our seed oil extracting facility's capacity to support our expanding farming operations. The seed oil extraction facility is used to extract the "crude Jatropha oil" ("CJO") from the Jatropha seed, and thereafter to collect the remaining biomass for sale to interested buyers.

We anticipate that our primary focus will remain in the feedstock oil market, and we will continue expanding our operations, primarily in the areas of planting, harvesting and sale of feedstock oil to end users in the energy and oil chemical industry for production of biofuels and green chemicals. In the short term, as we develop our Jatropha farms and prepare for our initial large-scale harvest of Jatropha seeds, we expect to generate short-term revenues through the sale of Jatropha seeds for germination, through forward sale contracts for feedstock oil and biomass to be produced at our facilities, through the forward sale of carbon offset credits and through our development and management services. We are also having active discussions with firms that have a non-fuel use for Jatropha oil for such things as the production of candles, "green chemicals" and "green plastics". Although we may engage in such ancillary sales, sales for these purposes are not expected to constitute a major source of future revenues.

Our board, management, employees, partners, technical advisors and consultants are senior energy, agricultural and business professionals who possess extensive experience in the energy and alternative fuels market, the production of bio-fuels, in the renewable energy sector in general, in agriculture and in general business. Accordingly, we have the resident expertise to provide development and management services to other companies regarding their bio-fuels and/or feedstock development operations, on a fee for services basis. As described below, we currently provide such bio-fuel consulting services in locations that are not directly competitive to our existing or planned sites.

#### Jatropha Farming Operations

Tizimin – Mexico Farm. On April 23, 2008, we entered into an agreement with six other investors affiliated with two of our largest stock holders to form GCE Mexico I, LLC as a Delaware limited liability company ("GCE Mexico"). GCE Mexico was organized to initially acquire 2,000 hectares (approximately 5,149 acres) of land, through subsidiaries, located in Tizimin, 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 bio-diesel 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 this Jatropha farm. In March 2010, GCE Mexico acquired approximately 5,100 acres of additional land that is contiguous to our first 5,149-acre farm, and in October 2011, GCE Mexico acquired another 5,557 acres for the development of a third Jatropha farm. The third proposed Jatropha farm is located approximately five miles from our first two farms. GCE Mexico acquired each of the Jatropha farms through a Mexican subsidiary in which GCE Mexico owns a 99% interest, and we own a 1% interest.

We own 50% of the issued and outstanding common membership units of GCE Mexico. The remaining 50% in common membership units were issued to five investors affiliated with two of our largest stockholders. In addition, preferred membership units were issued to two investors affiliated with two of our largest stockholders (the “Preferred Members”). As of March 16, 2012, the Preferred Members have contributed a total of approximately \$20 million to fund the initial investment by, and on-going operating expenses of, GCE Mexico. It is expected that the Preferred Members will continue to fund the ongoing operation in accordance with the approved annual budgets provided by management. This funding is expected to continue until the Jatropha farms generate adequate funds to sustain operations. The Preferred Members are entitled to preferential rights to cash distributions from GCE Mexico, until such time as they have received a specified return on their investment. As of December 31, 2011, the accrued cumulative amount of their preferred return was approximately \$2.9 million.

Included in the \$20 million above, the two Preferred Members directly funded the purchase by GCE Mexico of the land in the State of Yucatan in Mexico on which the GCE Mexico three farms are located. The purchase of land for the three farms was funded by mortgage loans, which cumulatively had an initial principal balance of \$5,110,189. Each parcel of land was acquired in the name of one of GCE Mexico’s Mexican subsidiary and is secured by a mortgage in favor of the Preferred Members. The mortgages bear interest at the rate of 12% per annum, and interest is payable on a quarterly basis to the extent the borrower has sufficient cash flow. If the borrower does not have sufficient cash to repay the interest on a current basis, then the loan agreement states that the unpaid interest will continue to accrue and will be payable when the borrower determines that it has sufficient cash to make the interest payment. The three mortgages, including any unpaid interest, become due in April, 2018, February 2019, June and October 2021.

GCE Mexico is managed under the supervision of a board of directors comprising four members, two of whom we have appointed, and two of whom were appointed by the Preferred Members. However, we are the manager of the joint venture, and we manage the day-to-day operations of GCE Mexico and the operations in Mexico. GCE Mexico reimburses us for the cost of management of the joint venture and the farms, including a portion of our U.S. administrative expenses that are related to those operations.

The following is a summary of certain factors relevant to an understanding of the operations of the three Mexico farms:

- The first Jatropha trees that we planted on the first farm approximately three years ago are continuing to mature, and we expect to start harvesting commercial quantities of Jatropha fruit in the late spring of 2012. We commenced selling oil commercially in 2011 and expect additional revenues from the sale of Jatropha seeds/oil as a result of the 2012 harvest. Jatropha seeds can be harvested twice a year. Accordingly, as the trees planted during the past several years mature, our harvests of Jatropha seeds will increase future revenues from our Tizimin operations.
- Although some of our trees produced fruit and seeds in 2011, the initial harvest was lower than previously anticipated primarily due to the extended rainy season and the resulting impact of fungus on the trees planted.
- Our Tizimin operations are eligible for agricultural and other subsidies provided to certain foreign owned farming operations by the federal government of Mexico. Through the year ended December 2011, we have received a total of \$938,000 of subsidy payments. These subsidies have been used to defray some of the initial start-up costs that we have incurred in establishing these farms and were recognized as revenues.
- We operate a commercial sized nursery at our first farm that is used for the germination of new Jatropha seedlings. These seedlings are essential to our ability to plant and cultivate the



- unplanted portions of our farms and any additional farms that we may acquire and develop in the future.
- Oil extraction facilities, germplasm resources, and sheep herding capabilities are all being increased in anticipation of our expanding Jatropha farming operations. Industrial oil extraction facilities are expected to be located offsite of the present farms.
- Our Tizimin farms are being developed for the purpose of providing feedstock for the production of bio-fuels and oil-chemicals, from Jatropha oil and biomass. 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 cleared for Jatropha planting), sales of sheep that graze on our lands and control weeds, and sale of the press-cake of the Jatropha seeds that remain after oil extraction.
- Total capital used for start-up expenses and operations, since inception, for the three farms in Mexico (through March 16, 2012) are approximately \$20 million (excluding subsidies received from the government of Mexico). All such funding has to date been provided by the investing partners of the joint venture that indirectly owns three Mexico farms. In general, these investment partners will have a priority right to receive cash distributions declared by GCE Mexico until the cumulative amount of their investment, plus a preferred return, has been returned to them.

#### Belize

On July 2, 2009, we purchased Technology Alternatives Limited, a company formed under the laws of Belize ("TAL"). TAL owns an existing Jatropha farm in subtropical Belize, Central America. The research functions from this farm have been relocated to our commercial farms in Mexico and the Belize farm currently is inactive, and we are actively pursuing the sale of this asset. The net assets of the Belize farm are classified as held for sale on the consolidated balance sheet. In connection with the acquisition, we currently owe the former owners approximately U.S. \$258,000 (\$516,139 Belize Dollars) based on exchange rates in effect at March 1, 2012. The notes are secured by a mortgage on the land and related improvements. The notes, plus any related accrued interest were due on July 15, 2011 and have been extended to August 16, 2012.

#### Principal Products

The Jatropha curcas plant will continue to be our primary agricultural focus for the foreseeable future. The Jatropha plant is a perennial, inedible tree, and all of its by-products can be used for fuel, non-edible vegetable oil uses and biomass energy production. It is a very efficient tree that produces high quality seed oil and high-energy content biomass. We expect our principal products to include the bio-fuels oil feedstock, vegetable oil replacement and biomass derived from the cultivation and processing of the Jatropha plant. In addition, we expect to generate revenues from the sale of carbon credits earned from our agricultural operations.

#### Bio-fuels Oil Feedstock

The feedstock oil needed for the production of bio-jet, bio-diesel, renewable diesel and green diesel that is currently available on the market today is primarily supplied from edible plant seed oils including soy, canola (rapeseed) and palm. There are other types of feedstock utilized including animal fats and recycled cooking grease, but they make up a small portion of the market supply. Our primary source of bio-fuels feedstock will be from the oil produced from the Jatropha plant. One advantage of the Jatropha plant is that its oil and meal is inedible, and the cultivation of the plant, which will primarily be for use in the bio-fuels industry, does not compete for resources with other crops grown primarily for food consumption.



## Biomass Feedstock

The Jatropha plant produces a fruit (about the size of a walnut) containing three large seeds that contain 32%-38% oil content by weight. The non-oil components of the fruit, which represents 62-68% of the total fruit, contain high energy biomass (carbon values) that is an excellent source of feedstock for a number of energy producing processes including direct combustion, gasification, power production, and cellulosic ethanol (alcohol) production. Fifty percent of the energy in the Jatropha seed resides in the biomass.

## Carbon Credits

Bio-fuels production and use is a very effective means to reduce both local and global pollution from emissions that cause climate change. Growing trees and plants that sequester carbon from the atmosphere and burning bio-fuels offset the production of greenhouse gasses which result from the consumption of petroleum or other fossil-based fuels. Many bio-fuels produce less pollution, including fewer quantities of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> and PM<sub>10</sub>. Through the 1997 Kyoto Protocol, itself an update to the United Nations Framework Convention on Climate Change, signatory countries are required to reduce their overall greenhouse gas emissions or carbon footprint. The compliance carbon market, established by the Kyoto Accord, remains in a state of considerable uncertainty after the climate summit in Durban, South Africa in 2011 did not produce any binding, long-term emission reduction commitments. As of September 2011, 191 states have signed and ratified the Kyoto Protocol. The United States of America is not a signatory to the Kyoto Protocol and Canada, Japan and Russia have recently announced their decision to withdraw their participation or not participate in the second commitment period. Signatory countries require local industry and other local energy end-users to either reduce their greenhouse gas emissions, or purchase greenhouse gas emission credits (carbon credits). This requirement has created a worldwide "Carbon Credit Trading Market" where sellers sell their excess carbon credits and buyers purchase the carbon credits they need to meet their greenhouse gas reduction requirements. The development of agricultural-based energy projects may produce carbon credits through the sequestration (storing) of carbon by the growing of trees and plants, or by the offset of other sequestered carbon. Selling carbon credits represents potential additional revenue that will help to offset capital requirements for our plantation and other development activities.

In our case, Certified Emission Reductions (CERs) may be generated through Clean Development Mechanism registered projects in non-Annex 1 nations, which include Mexico, the Caribbean, Central and South America. Our current business plan contemplates the cultivation of multiple 20,000-hectare Jatropha energy farms. Assuming full maturity of a 20,000-hectare Jatropha farm, we have calculated that we will generate more than 250,000 metric tons of sellable carbon credits annually. This will come from directly offsetting fossil fuel use. If we include the potential to use Jatropha trees as a carbon sink, we estimate this will increase the sellable carbon credits to over 350,000 metric tons per year.

## Technology

We do not currently possess any patentable technology relating to our operations in the feedstock and bio-fuels market. However, we are currently engaged in research and development activities focused on improved Jatropha varieties, technical know-how and proprietary processes for optimizing the quality of our Jatropha yields, reducing operating costs and improving our production capacity and efficiency. These research and development activities currently consist of plant biology and molecular genetic research, and are being conducted primarily through in-house research and in joint development activities in concert with the Center for Sustainable Energy Farming, through Penn State University. We continue to develop our procedures and Intellectual Property (IP) Sustainable Energy Farming Systems. It is expected that patentable technologies will result from our research activities; however, there can be no assurance that patentable technologies will be developed, or if they are developed, that we would be the sole owners

of such patents.

Any technology we develop will be in three main categories: (i) plant and soil sciences, (ii) agricultural technology and procedure development, and (iii) material processing and end use applications.

Such technologies developed are expected to assist in reducing costs, improving efficiency and allowing us to move the products higher in value creation.

## Market

According to both the International Energy Agency (“IEA”) and the US Department of Energy’s Energy Information Administration (“EIA”) estimates, the world demand for crude oil in 2010 was approximately 88 million barrels per day, with approximately 25% of that demand being diesel and fuel oil (distillate fuel oil). This equates to a global consumption of distillate fuel oil of approximately 22.0 million barrels per day, or 337 billion gallons per year. At a 5% blend with bio-diesel, the world market for bio-diesel exceeds 16.8 billion gallons per year.

U.S. diesel fuel oil consumption for 2009 was over 50 billion gallons. At a 5% bio-diesel blend, the US bio-diesel market is over 2.5 billion gallons per year, which we expect will continue to grow.

As reported by the National Biodiesel Board, in 2009 U.S. bio-diesel refineries produced approximately 506 million gallons of neat (100%) bio-diesel fuel from a reported 122 active producers with a total capacity of over 2 billion gallons. This is just over 25% of capacity and represents less than 1% of US demand for diesel fuel. The trend of production and consumption is growing. In 2005, U.S. refineries produced approximately 75 million gallons, in 2006 approximately 250 million gallons were sold, in 2007 450 million gallons were sold and in 2008, 678 million gallons. The reduction in 2009 is primarily due to increased feedstock costs.

Our primary market is the direct sale of Jatropha feedstock oil for bio-diesel, renewable diesel and biomass energy production, and the sale of carbon credits we generate from our agricultural operations. Our primary customers are processors of bio-fuels. We estimate that there are approximately 122 bio-diesel plants in the United States alone, which can utilize up to 100% of our crude or refined Jatropha oil. However, we expect to generate our highest revenues and greatest margins from customers who have logistical capacity on a water port accessible from the Gulf of Mexico. This will reduce redundant transportation costs and allow us to ship large quantities economically. These customers have historically paid a higher price for feedstock oil, since the majority of feedstock oil supplies have been shipped from the Midwestern United States. We anticipate that our key customer profile will include well-financed, low-cost bio-diesel refiners.

Oil made from the seeds of the Jatropha plant has also recently been tested and approved by ASTM as an aviation fuel supplement. A number of airlines, including Air New Zealand, Japan Airlines, Continental Airlines and the US Air Force have successfully tested the bio-jet fuel for commercial use. The ability of Jatropha oil to replace kerosene-based jet fuel is being studied to reduce the aviation world’s dependence on high-pollution crude oil.

As our business develops, we expect to utilize some distributors for sale of the Jatropha feedstock oil and the biomass by-products that we will produce.

## Environmental Impact

Bio-fuels, and especially bio-diesel, have environmental benefits that are a major driving force for their introduction. Using bio-fuels instead of fossil fuels reduces net emissions of carbon dioxide and other greenhouse gasses, which are associated with global climate change. Bio-fuels are produced from renewable plant resources that “recycle” the carbon dioxide created when bio-fuels are consumed. Life-cycle analyses consistently show that using bio-fuels produced in modern facilities results in net reductions of greenhouse gas carbon emissions compared to using fossil fuel-based petroleum equivalents. These life-cycle analyses include the total energy requirements for the farming and production of the biomass resource, as well as harvesting, conversion and utilization. Bio-fuels help

nations achieve their goals of reducing carbon emissions. Bio-fuels burn cleanly in vehicle engines and reduce emissions of unwanted products, particularly unburned hydrocarbons and carbon monoxide. These characteristics contribute to improvements in local air quality. In a life-cycle study published in October 2002, entitled “A Comprehensive Analysis of Bio-diesel Impacts on Exhaust Emissions, 2002,” the U.S. Environmental Protection Agency (“EPA”) analyzed bio-diesel produced from virgin soy oil, rapeseed (canola) and animal fats. The study concluded that the emission impact of bio-diesel potentially increased NOx emissions slightly while significantly reducing other major emissions.

## Competition

Although there are a number of producers of bio-fuels, few are utilizing non-edible oil feedstock for the production of bio-diesel. The following table lists the companies we have been made aware of that are cultivating Jatropha for the production of bio-diesel. We do not know the current status of their operations:

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valero                                | Invested in a Australian Jatropha farming operation and has entered into offtake agreements to purchase the resultant CJO.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Van Der Horst Corporation (Singapore) | Building a 200,000-tpy bio-diesel plant in Jurong Island in Singapore that will eventually be supplied with Jatropha from plantations it operates in Cambodia and China, and possible new plantations in India, Laos and Burma.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Mission Biofuels (Australia)          | Hired Agro Diesel of India to manage a 100,000-hectare Jatropha plantation, and a contract-farming network in India to feed its Malaysian and Chinese bio-diesel refineries. Mission Biofuels has raised in excess of \$80 million to fund its operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| D1 Oils (UK)                          | As of June 2007, together with its partners, D1 Oils has planted or obtained rights to offtake from a total approximately 172,000 hectares of Jatropha under cultivation worldwide. D1's Jatropha plantations are located in Saudi Arabia, Cambodia, Ghana, Indonesia, the Philippines, China, India, Zambia, South Africa and Swaziland. In June 2007, D1 Oils and British Petroleum entered into a 50:50 joint venture to plant up to an additional 1 million hectares of Jatropha worldwide. British Petroleum funded the first £31.75 million of the Joint Venture's working capital requirements through a purchase of D1 Oils equity, and the total Joint Venture funding requirement is anticipated to be £80 million over the next five years. |
| NRG Chemical Engineering (UK)         | Signed a \$1.3 billion deal with state-owned Philippine National Oil Co. in May 2007. NRG Chemical will own a 70% stake in the joint venture, which will involve the construction of a bio-diesel refinery, two ethanol distilleries and a \$600 million investment in Jatropha plantations that will cover over 1 million hectares, mainly on the islands of Palawan and Mindanao.                                                                                                                                                                                                                                                                                                                                                                    |

Note: 1 hectare = 2.47 acres

We believe there is sufficient global demand for alternative non-edible bio-fuel feedstock to allow a number of companies to successfully compete worldwide. In particular, we note that we are the only U.S.-based public company who is a producer of non-edible oil feedstock for the production of bio-diesel, which gives us a unique competitive advantage over many foreign competitors when competing in the U.S.

The price basis for our non-edible oil and biomass feedstock will be equivalent to other edible seed oil and biomass feedstock. We have not found any substantial effort towards the production of any other non-edible oil worldwide that could compete with Jatropha. With the growing demand for feedstock, and the high price of oil and bio-fuels, we anticipate that we will be able to sell our Jatropha oil and biomass feedstock profitably.

## Employees.

As of December 31, 2011, we had 488 full time employees, contract employees and consultants, of which 478 were employed by our subsidiaries in Mexico. The number of employees we employ fluctuates depending on our farm operations. Since our first two farms have now been fully planted, and since we have not yet commenced planting the third farm, we expect that the number of employees we employ in 2012 will decrease slightly. Neither this company, nor any of our subsidiaries is a party to any collective bargaining agreements.

## Legacy Bio-pharmaceutical Assets

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.

## ITEM 1A RISK FACTORS.

An investment in our securities involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in or maintain your investment in our company. The risks described below are not intended to be an all-inclusive list of all of the potential risks relating to an investment in our securities. If any of the following or other risks actually occurs, our business, financial condition or operating results and the trading price or value of our securities could be materially and adversely affected.

### Risks Related To Our Business

We have operated at a loss and will likely continue to operate at a loss in 2012 and thereafter.

We have incurred an operating loss since our inception. We had an accumulated deficit of approximately \$26,662,290, and a working capital deficit of approximately \$1,726,627 as of December 31, 2011. Although we generated a net profit of \$271,136 for the fiscal year then ended, a significant reason for this was the receipt of grants from the Government of Mexico which were recognized as revenues and that we do not know if we will continue to receive past 2012. Further, we were able to write off certain legacy liabilities due.

We are likely to continue to incur losses unless and until we are able to generate significantly more revenues from the sale of Jatropa products, the sale of carbon credits, or from fees generated by providing Jatropa management advisory and consulting services. Although we anticipate that our revenues from these sources will increase during fiscal 2012 and thereafter, no assurance can be given that these revenues will be sufficient to generate net income in the future. Losses have had, and will continue to have an adverse effect on our stockholders' equity and the trading price of our common stock. Because of the numerous risks and uncertainties associated with our Jatropa operations, we are unable to predict when we may become profitable, if at all. If we do not become profitable or are unable to maintain future profitability, the market value of our common stock will be adversely affected.



Our projected revenue sources are tenuous, and no assurance can be given that all anticipated revenues will, in fact, be received. In addition, our current liabilities still significantly exceed our current assets, and the amount of revenues that we expect to generate in 2012 from our Jatropha-related consulting services and other sources may not be sufficient to fund all of our working capital needs. At present, the Company does not have sufficient funds on hand to operate past the end of April, 2012. The Company is in discussions with certain of its existing shareholders to increase their equity investment in the Company, and we believe it is likely that the Company will be successful in raising sufficient funds to meet its operating expenses for the remainder of 2012; however no assurances can be given that this will be the case. Currently, the sole source of cash that we can classify as probable and material are reimbursement payments that we receive from additional capital contributions forecasted to be provided by the Preferred Members of GCE Mexico. These reimbursements are expected to cover approximately 25% of our corporate overhead for the remainder of 2012. Although we do not currently have any consulting agreements in place for 2012, we do expect to receive management consulting fees for Jatropha management and advisory services from third parties that enter into contracts with us in the future. Although we anticipate that our Mexico farms will, in 2012, commence generating significant greater amount of revenues, all proceeds received from those harvests are expected to be used to operate the Mexico farms and, other than management fee reimbursements that we receive, none of those revenues will be available to defray our corporate overhead expenses or pay any of our on-going costs of operations. If funds we receive from these sources are not sufficient to fund our operating needs, we will have to raise funds from other sources, such as the sale of securities, strategic partnerships, or governmental grants or loans. No assurance can be given that we will be able to obtain such funding, if needed. In the event that we are unable to raise additional capital, or the revenues we generate are not sufficient to fund out operating expenses, we may have to reduce and restructure our operations.

We may need significant additional capital in order to fund our expansion and the implementation of our business plan, which we may be unable to obtain. If we do not receive additional funding, we may not be able to achieve our business plan of further developing our bio-fuels business and we may even be forced to reduce our future operations.

In addition to generating funds to cover our operating expenses, we will need a significant amount of additional funding in order to acquire and operate additional Jatropha farms and to otherwise implement our bio-fuels operations in accordance with our business plan. Our capital requirements for expanding our operations will be significant, and we do not currently have any of the funds that we expect to need for these purposes. Accordingly, we will need to obtain a significant amount of additional capital to continue to fund our operating expenses and to expand our Jatropha business. To date, we have acquired approximately 15,000-acres of Jatropha farms that we own in Mexico through a joint venture with our financing partners. In 2010 and 2011, we received loans of \$742,652 and \$2,657,437 from our joint venture partners to acquire an approximately 10,657 acres of additional Jatropha farm land in Mexico. Pursuant to the terms of the Limited Liability Company Agreement for GCE Mexico, available cash will first be allocated to the Preferred Members to repay the mortgages and to repay capital contributions plus the preferred return. Only after these obligations have been satisfied will the Company expect to receive cash distributions from the existing farms. Although the Company might be able to expand upon our existing financial relationship with our partners in GCE Mexico, no assurance can be given that we will be able to obtain additional funding from our joint venture investors in the future. We do not have commitments from any third parties to provide us with additional funds to finance the acquisition, development and operation of the Jatropha farms that represent the foundation of our business plan. Certain investors may be unwilling to invest in our securities since we are traded on the OTC Bulletin Board and not on a national securities exchange, particularly if there is only limited trading in our common stock on the OTC Bulletin Board at the time we seek financing. There is no assurance that sufficient funding through a financing will be available to us at acceptable terms or at all. Historically, we have raised capital through the issuance of debt and equity securities. However, given the risks associated with a relatively new and untested bio-fuels business, the risks associated with our common stock (as discussed below), on-going effects of the worldwide financial crisis that has severely affected the capital markets, and our status as a small, unknown public company, we

expect in the near future, we will have a great deal of difficulty raising capital through traditional financing sources. Therefore, we cannot guarantee that we will be able to raise capital, or if we are able to raise capital, that such capital will be in the amounts needed. Our failure to raise capital, when needed, and in sufficient amounts, will severely impact our ability to develop our Jatropha bio-fuels business. Any additional funding that we obtain in an equity or convertible debt financing is likely to reduce the percentage ownership of the company held by our existing security holders. The amount of this dilution may be substantial if the trading price of our common stock is low at the time of any financing from its current levels. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. If we are unable to obtain the needed additional funding, we will have to reduce or even totally discontinue our operations, which would result in a total loss to all of our shareholders.

We have limited operating history in the feedstock and bio-diesel industries, which makes it difficult to evaluate our financial position and our business plan.

We commenced our current feedstock and biofuels operations in 2007. Since then, we have focused our efforts on developing our Jatropha business, including, among other things, acquiring our Jatropha farms through a joint venture, and cultivating Jatropha plants for the subsequent production and sale of Jatropha seeds, oil and biomass. Because our operations thus far have concentrated on growing our Jatropha business, and because the Jatropha trees on our farms are only now expected to start producing commercial quantities of Jatropha fruit, we have had limited sales of Jatropha seeds, oil and by-products to date. Thus, we have little operating history as a feedstock/biofuels company on which a decision to invest in our company can be based. The future of our company currently is dependent upon our ability to successfully harvest, market and sell the Jatropha products that we expect will be generated during fiscal 2012 and thereafter, and to otherwise implement our business plan in the Jatropha business. While we believe that our business plan, if implemented as conceived, will make our company successful in the long term, we have limited operating history against which we can test our plans and assumptions, and therefore cannot evaluate the likelihood of success.

Our Jatropha operations are subject to all of the risks normally associated with large farming operations, including risks related to the weather.

Through our GCE Mexico I, LLC joint venture, we currently own approximately 15,800 acres of farm land in the Yucatan peninsula, Mexico, which land is dedicated to the production of Jatropha bio-fuel and other related products. Of those 15,800 acres, 8,247 acres have been planted and contain Jatropha trees. The cultivation, planting, maintenance and harvesting of Jatropha trees is subject to all of the risks normally associated with the operation of large farms, including risks related to the weather, soil conditions, pests, insects, plant diseases, and plant selection and breeding. For example, our Mexico farms did not previously produce a significant harvest of Jatropha fruit because of the heavy rains and extended rainy season. No assurance can be given that the weather or other conditions will not adversely affect future harvests of Jatropha fruit at our Mexico farms.

Because our interest in cash distributions from our Mexico joint venture is subordinated to the return of our investors' investments and a 12% compounded annual return, we do not expect to receive any cash from our Mexico Jatropha farms for a number of years.

The Jatropha trees we planted in 2008 in the first of our Mexico Jatropha farms are now beginning to produce fruit, and, as a result, we anticipate that in 2012 our Mexico farms will generate revenues. However, under our GCE Mexico I, LLC operating agreement, revenues from the Jatropha crop are first applied to our farm operating expenses, and then any excess cash flow is applied towards the repayment of the mortgages and repayment of the Preferred Members' investment in these farms, including a cumulative 12% per annum preferred return. As of December 31, 2011, the total preferred return was approximately \$2.9 million, and the total capital contributed by the Preferred Members on which this preferred 12% return is calculated (excluding the \$2.9 million accumulated preferred and outstanding return) is \$13,940,268. We currently do not anticipate that the Mexico farms we jointly own through GCE Mexico I, LLC will generate sufficient cash to repay this amount for at least several years. Accordingly, other than management fees that GCE Mexico I, LLC is required to pay us, we do not expect to receive any cash distributions from our majority ownership interest in this entity for several years. No assurance can be given that our investment in GCE Mexico I, LLC will ever generate sufficient revenues to repay our joint venture investors and return capital to this company.



Our Jatropha biofuels business is a new and highly risky business that has not been conducted on a similar scale in North America.

Our business plan calls for a large scale planting and harvesting of Jatropha plants, primarily outside of the United States, and for the subsequent production and sale of Jatropha oil (and other Jatropha byproducts) for use as a bio-fuel in Mexico and in the United States. In addition to all of the risks normally associated with developing a new line of business, we will be subject to certain risks unique to our Jatropha bio-fuels business, including the large scale production of plants that have not heretofore been grown in large scale farms in Mexico, logistical issues related to the oil and biomass produced at such farms, market acceptance, uncertain pricing of our products, developing governmental regulations, and the lack of an established market for our products.

Our business could be significantly impacted by changes in government regulations over energy policy.

Our planned operations and the properties we intend to cultivate are subject to a wide variety of federal, provincial and municipal laws and regulations, including those governing the use of land, type of development, use of water, use of chemicals for fertilizer, pesticides, export or import of various materials including plants, oil, use of biomass, handling of materials, labor laws, storage handling of materials, shipping, and the health and safety of employees. As such, the nature of our operations exposes us to the risk of claims with respect to such matters and there can be no assurance that material costs or liabilities will not be incurred in connection with such claims. In addition, these governmental regulations, both in the United States and in the foreign countries in which we may conduct our business, may restrict and hinder our operations and may significantly raise our cost of operations. Any breach by our company of such legislation may also result in the suspension or revocation of necessary licenses, permits or authorizations, civil liability and the imposition of fines and penalties, which would adversely affect our ability to operate and our financial condition.

Further, there is no assurance that the laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other jurisdiction, will not be changed, applied or interpreted in a manner which will fundamentally alter the ability of our company to carry on our business. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on our company. Any or all of these situations may have a negative impact on our operations.

Our future growth is dependent upon strategic relationships within the feedstock and bio-diesel industries. If we are unable to develop and maintain such relationships, our future business prospects could be significantly limited.

Our future growth will generally be dependent on relationships with third parties, including alliances with feedstock oil and bio-diesel processors and distributors. In addition, we will likely rely on third parties to oversee the operations and cultivation of the Jatropha plants in our non-U.S. properties. Accordingly, our success will be significantly dependent upon our ability to establish successful strategic alliances with third parties and on the performance of these third parties. These third parties may not regard their relationship with us as important to their own business and operations, and there is no assurance that they will commit the time and resources to our joint projects as is necessary, or that they will not in the future reassess their commitment to our business. Furthermore, these third parties may not perform their obligations as agreed. In the event that a strategic relationship is discontinued for any reason, our business, results of operations and financial condition may be materially adversely affected.



A significant decline in the price of oil could have an adverse impact in our profitability.

Our success is dependent in part upon the historic high price of crude oil and on the high price of seed oils that are currently used to manufacture bio-diesel. A significant decline in the price of either crude oil or the alternative seed oils will have a direct negative impact on our financial performance.

There are risks associated with conducting our business operations in foreign countries, including political and social unrest.

All of our currently operating farms are located in Mexico. We expect that most, if not all, of our future agricultural operations will also be primarily located in foreign countries, particularly in Mexico. Accordingly, we are subject to risks not typically associated with ownership of U.S. companies and therefore should be considered more speculative than investments in the U.S.

For example, Mexico is a developing country that has experienced a range of political, social and economic difficulties over the last decade. Our operations could be affected in varying degrees by political instability, social unrest and changes in government regulation relating to foreign investment, the biofuels industry, and the import and export of goods and services. Our operations may also be affected in varying degrees by possible terrorism, military conflict, crime, fluctuations in currency rates and high inflation.

In addition, Mexico has a nationalized oil company, and there can be no assurance that the government of Mexico will continue to allow our business and our assets to compete in any way with their interests. Our operations could be adversely affected by political, social and economic unrest in Mexico and any other foreign countries in which we commence agricultural operations.

We plan to grow rapidly and our inability to keep up with such growth may adversely affect our profitability.

We plan to grow rapidly and significantly expand our operations. If we succeed in significantly expanding our operations, our growth may place a significant strain on our management team and other company resources. We will not be able to implement our business strategy in a rapidly evolving market without effective planning and management processes. If we grow significantly, we will have to manage multiple farms in various foreign locations, hundreds of foreign employees, and relationships with various domestic and foreign strategic partners. To manage the expected growth of our operations and personnel, we will have to significantly supplement our existing managerial, financial and operational staff, systems, procedures and controls. We may be unable to supplement and complete, in a timely manner, the improvements to our systems, procedures and controls necessary to support our future operations, and consequently our operations will not function effectively. In addition, our management may be unable to hire, train, retain, motivate and manage required personnel, or successfully identify, manage and exploit existing and potential market opportunities. As a result, our business and financial condition may be adversely affected.

Our business will not be diversified because we will be primarily concentrated in one industry. As a consequence, we may not be able to adapt to changing market conditions or endure any decline in the bio-diesel industry.

We expect our business will be substantially dependent upon the success of Jatropha as a bio-fuel. Accordingly, we expect that virtually all of our revenues will be derived from some form of Jatropha (either from the sales of feedstock oil harvested from our Jatropha farms, the bio-diesel production and sales of Jatropha oil, the sale of carbon credits produced from Jatropha farms, and the development and management services related to the cultivation and production of Jatropha plants and bio-fuel). We do not have any other lines of business or other sources of revenue to rely upon if the Jatropha business does not become viable and if we are unable to produce and sell feedstock oil and

bio-diesel, or if the markets for such products decline. Our lack of diversification means that we may not be able to adapt to changing market conditions or to withstand any significant decline in the bio-diesel industry.

Reductions in the price of bio-diesel, and decreases in the price of petroleum-based fuels could affect the price of our feedstock, resulting in reductions in our revenues.

Historically, bio-diesel prices have been highly correlated to the Ultra Low Sulfur (“ULS”) diesel prices. Increased volatility in the crude oil market has an effect on the stability and long-term predictability of ULS diesel, and hence the biofuels prices in the domestic and international markets. Crude oil prices are impacted by wars and other political factors, economic uncertainties, exchange rates and natural disasters. A reduction in petroleum-based fuel prices may have an adverse effect on bio-diesel prices and could apply downward pressure on feedstock, affecting revenues and profits in the feedstock industry, which could adversely affect our financial condition.

Delays due to, among others, weather, labor or material shortages, permitting or zoning delays, or opposition from local groups, may hinder our ability to commence operations in a timely manner.

We could incur delays in the implementation of our plans to plant and harvest *Jatropha*, or our plans for the construction of support facilities, due to permitting or zoning delays, opposition from local groups, adverse weather conditions, labor or material shortages, or other causes. In addition, changes in political administrations at the federal, state or local level that result in policy changes towards the large scale cultivation of *Jatropha*, or towards biofuels in general, could result in delays in our business plan timetable. Any such delays could adversely affect our ability to fully commence operations and generate revenues.

We may be unable to locate suitable properties and obtain the development rights needed to build and expand our business.

Our business plan focuses on identifying and developing agricultural properties (farms, nurseries, etc.) for the production of biofuels feedstock. The availability of land for this activity is a key element of our projected revenue generation. Our ability to acquire appropriate land in the future is uncertain and we may be required to delay planting, which may create unanticipated costs and delays. In the event that we are not successful in identifying and obtaining rights on suitable land for our agricultural and processing facilities, our future prospects for profitability will likely be affected, and our financial condition and resulting operations may be adversely affected.

Technological advances in feedstock oil production methods in the bio-diesel industry could adversely affect our ability to compete and the value of your investment.

Technological advances could significantly decrease the cost of producing feedstock oil and biofuels. There is significant research and capital being invested in identifying more efficient processes, and lowering the cost of producing feedstock oil and biofuels. We expect that technological advances in feedstock oil/biofuel production methods will continue to occur. If improved technologies become available to our competitors, they may be able to produce feedstock oil, and ultimately biofuels, at a lower cost than us. If we are unable to adopt or incorporate technological advances into our operations, our ability to compete effectively in the feedstock/biofuels market may be adversely affected, which in turn will affect our profitability.

The development of alternative fuels and energy sources may reduce the demand for biofuels, resulting in a reduction in our profitability.

Alternative fuels, including a variety of energy alternatives to biofuels, are continually under development. Technological advances in fuel-engines and exhaust system design and performance could also reduce the use of biofuels, which would reduce the demand for bio-diesel. Further advances in power generation technologies, using cleaner hydrocarbon based fuels, fuel cells and hydrogen are actively being researched and developed. If these technological advances and alternatives prove to be economically feasible, environmentally superior and accepted in the marketplace, the market for biofuels could be significantly diminished or replaced, which would adversely affect our financial condition.

Our ability to hire and retain key personnel and experienced consultants will be an important factor in the success of our business and a failure to hire and retain key personnel may result in our inability to manage and implement our business plan.

We are highly dependent upon our management and on Richard Palmer (our Chief Executive Officer) in particular. The loss of the services of any of our management personnel may impair management's ability to operate our company or our ability to locate and develop new Jatropha farms. We have not purchased key man insurance on any of our officers, which insurance would provide us with insurance proceeds in the event of their death. Without key man insurance, we may not have the financial resources to develop or maintain our business until we could replace such individuals or to replace any business lost by the death of such individuals. We may not be able to attract and retain the necessary qualified personnel. If we are unable to retain or to hire qualified personnel as required, we may not be able to adequately manage and implement our business.

Our operating costs could be higher than we expect, and this could reduce our future profitability.

In addition to general economic conditions, market fluctuations and international risks, significant increases in operating, development and implementation costs could adversely affect our company due to numerous factors, many of which are beyond our control. These increases could arise for several reasons, such as:

- Increased cost for land acquisition;
- Increased unit costs of labor for nursery, field preparation and planting;
  - Increased costs for construction of facilities;
- Increased transportation costs for required nursery and field workers;
- Increased costs of supplies and sub-contacted labor for preparing of land for planting;
  - Increase costs for irrigation, soil conditioning, soil maintenance; or
  - Increased time for planting and plant care and custody.

In addition, our Jatropha farm operations will also subject us to ongoing compliance with applicable governmental regulations, including those regulations governing land use, water use, pollution control, worker safety and health and welfare and other matters. We may have difficulty complying with these regulations and our compliance costs could increase significantly. Increases in operating costs would have a negative impact on our operating income, and could result in substantially decreased earnings or a loss from our operations, adversely affecting our financial condition.

Fluctuations in the Mexican peso to U.S. dollar exchange rate may adversely affect our reported operating results.

The Mexican peso is the primary operating currency for our current business operations while our financial results are reported in U.S. dollars. Because our costs will be primarily denominated in pesos, a decline in the value of the dollar

to the peso could negatively affect our actual operating costs in U.S. dollars, and our reported results of operations. We do not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on our results of operations. We cannot guarantee that we will enter into any such currency hedging transactions in the future or, if we do, that these transactions will successfully protect us against currency fluctuations.

Our future profitability is dependent upon many natural factors outside of our control. If these factors do not produce favorable results our future business profitability could be significantly affected.

Our future profitability is mainly dependent on the production output from our agricultural operations. There are many factors that can effect growth and fruit production of the Jatropha plant, including weather, nutrients, pests and other natural enemies of the plant. Many of these are outside of our direct control and could be devastating to our operations. All of our agricultural operations are concentrated in the center of the Yucatan peninsula, near Tizimin, Mexico, an area that is 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 we attempt to mitigate controllable weather risks through water management and variety selection, our ability to do so is limited. Our 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 wind blown disease. Because our agricultural properties are located in relative close proximity to each other, the impact of adverse weather conditions may be magnified in our results of operations.

#### Risks Relating to Our Common Stock

Our stock is thinly traded, so you may be unable to sell your shares at or near the quoted bid prices if you need to sell a significant number of your shares.

The shares of our common stock are thinly-traded on the OTC Bulletin Board and on the OTCQB market, meaning that the number of persons interested in purchasing our common shares at or near bid prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven, early stage company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common shares will develop or be sustained, or that current trading levels will be sustained. Due to these conditions, we can give you no assurance that you will be able to sell your shares at or near bid prices or at all if you need money or otherwise desire to liquidate your shares.

Our existing directors, officers and key employees hold a substantial amount of our common stock and may be able to prevent other shareholders from influencing significant corporate decisions.

As of March 16, 2012, our directors and executive officers beneficially owned approximately 25.5% of our outstanding common stock. These shareholders, if they act together, may be able to direct the outcome of matters requiring approval of the shareholders, including the election of our directors and other corporate actions such as:

- our merger with or into another company;

- a sale of substantially all of our assets; and
- amendments to our articles of incorporation.

The decisions of these shareholders may conflict with our interests or those of our other shareholders.

The market price of our stock may be adversely affected by market volatility.

The market price of our common stock is likely to be volatile and could fluctuate widely in response to many factors, including:

- fluctuation in the world price of crude oil;
- market changes in the biofuels industry;
- government regulations affecting renewable energy businesses and users;
- actual or anticipated variations in our operating results;
- our success in meeting our business goals and the general development of our proposed operations;
- general economic, political and market conditions in the U.S. and the foreign countries in which we plan to operate; and
- the occurrence of any of the risks described in this Annual Report.

Obtaining additional capital through the sale of common stock will result in dilution of shareholder interests.

We may raise additional funds in the future by issuing additional shares of common stock or other securities, which may include securities such as convertible debentures, warrants or preferred stock that are convertible into common stock. Any such sale of common stock or other securities will lead to further dilution of the equity ownership of existing holders of our common stock. Additionally, the existing options, warrants and conversion rights may hinder future equity offerings, and the exercise of those options, warrants and conversion rights may have an adverse effect on the value of our stock. If any such options, warrants or conversion rights are exercised at a price below the then current market price of our shares, then the market price of our stock could decrease upon the sale of such additional securities. Further, if any such options, warrants or conversion rights are exercised at a price below the price at which any particular shareholder purchased shares, then that particular shareholder will experience dilution in his or her investment.

We are unlikely to pay dividends on our common stock in the foreseeable future.

We have never declared or paid dividends on our stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business. We do not anticipate paying any cash dividends in the foreseeable future, and it is unlikely that investors will derive any current income from ownership of our stock. This means that your potential for economic gain from ownership of our stock depends on appreciation of our stock price and will only be realized by a sale of the stock at a price higher than your purchase price.



Trading of our stock may be restricted by the Securities and Exchange Commission's penny stock regulations, which may limit a shareholder's ability to buy and sell our stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

Executive Offices. Currently, we operate out of offices located at 100 W. Broadway, Suite 650, Long Beach California 90802. Our leased offices consist of approximately 2,000 square feet and are leased at a monthly rate of \$1.70 sq. ft. per month. The term of the lease expires on August 31, 2012.

Farm properties. As of March 16, 2012, we own the following three Jatropha farms through our GCE Mexico I, LLC joint venture:

1. Our first farm consists of seven separate parcels of land collectively representing 2,084 hectares (approximately 5,149 acres). We purchased these parcels in 2008. The farm is located approximately 12 miles northeast of Tizimin, Yucatan, Mexico and is approximately 110 miles from Merida and the port of Progreso, and 75 miles from Cancun. All of the land has been improved and we have completed planting on all of the planned farmland. We financed the purchase of this farm through a mortgage loan in the amount of \$2,051,282, which bears interest at a rate of 12% per annum.

2. In March 2010 and June 2011, we purchased approximately 5,100 acres of additional land that is contiguous to our first farm. We substantially completed planting on all of the planned farmland in the 4th quarter of 2011. We financed the purchase of this farm through a mortgage loan in the amount of \$963,382. That loans bear interest at a rate of 12% per annum.

3. In October 2011, we purchased approximately 5,557 acres of additional land for the development of a third Jatropha farm. This land is located in the same region, approximately five miles from our other two farms. We expected to commence preparing the land for planting in the third or fourth quarter of 2012, with planting to commence by the end of 2012. We financed the purchase of this farm through a mortgage loan in the amount of \$ 2,095,525. That loan bears interest at a rate of 12% per annum.

## ITEM 3. 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 breached that certain Services Agreement, dated April 30, 2007, we entered into with Mobius. Under the Services Agreement, Mobius was required to provide professional services in connection with growing, producing, manufacturing, and selling seed oils. As permitted by the Services Agreement, we terminated the Services Agreement on July 11, 2008. In its complaint, Mobius has alleged that we failed to pay Mobius a total of \$551,178. We have disputed the Mobius claim, and have asserted a counter claim against Mobius for direct damages sustained by us from the lack of performance of Mobius under the terms of the Service Agreement. Furthermore, we have also filed a counterclaim for breach of fiduciary duty against Eric Melvin, the CEO of Mobius and a former member of our Board of Directors, for conduct arising from his prior position as a director of this company. We currently have two motions pending with the court to dismiss Mobius’ suit and to find in our favor for our counterclaim.

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 Jatropha business), filed a complaint against the Company in the Third Judicial District Court, State of Utah. The complaint alleges that Ms. Burgess is owed \$80,000 for services allegedly provided to the Company in 2004, 2005, and 2006. That complaint was voluntarily dismissed without it ever being served. A new complaint was filed on June 28, 2011 and was dismissed by the court for failure to state a claim upon which relief could be granted. The complaint was then amended and re-filed. We have filed a motion for dismissal on the same grounds, which is pending in the court.

## ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

## PART II

## ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES.

Shares of our common stock are traded on the OTC Bulletin Board and on the OTCQB market under the symbol “GCEH.” The following table sets forth the range of closing prices for our common stock for the quarters indicated. Such quotations reflect inter-dealer prices, without retail mark-ups, markdowns or commissions, and may not represent actual transactions.

| Fiscal Year Ended December 31, 2011 | High Bid | Low Bid |
|-------------------------------------|----------|---------|
| First Quarter                       | \$ .034  | \$ .018 |
| Second Quarter                      | \$ .050  | \$ .020 |
| Third Quarter                       | \$ .050  | \$ .036 |
| Fourth Quarter                      | \$ .042  | \$ .020 |

| Fiscal Year Ended December 31, 2010 | High Bid | Low Bid |
|-------------------------------------|----------|---------|
| First Quarter                       | \$ .020  | \$ .010 |
| Second Quarter                      | \$ .140  | \$ .010 |
| Third Quarter                       | \$ .050  | \$ .030 |
| Fourth Quarter                      | \$ .040  | \$ .030 |



## Shareholders

As of March 16, 2012, there were approximately 1,500 holders of record of our common stock, not including any persons who hold their stock in “street name.”

## Dividends

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the amount of funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other factors that the Board of Directors may think are relevant. However, we currently intend for the foreseeable future to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do not expect to pay any dividends on our common stock in the foreseeable future.

## Securities Authorized For Issuance Under Equity Compensation Plans

The following table contains information regarding our equity compensation plans as of December 31, 2011:

| Plan Category                                              | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column) |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders     |                                                                                             |                                                                             |                                                                                                                                                   |
| 1993 Incentive Plan (1)                                    | 1,933,000                                                                                   | \$0.17                                                                      | --                                                                                                                                                |
| 2002 Stock Incentive Plan                                  | 18,500,000                                                                                  | \$0.04                                                                      | 1,500,000                                                                                                                                         |
| 2010 Equity Incentive Plan                                 | 19,750,000                                                                                  | \$0.025                                                                     | 250,000                                                                                                                                           |
| Equity compensation plans not approved by security holders |                                                                                             |                                                                             |                                                                                                                                                   |
| Options                                                    | 3,350,000                                                                                   | 0.021                                                                       |                                                                                                                                                   |
| Warrants                                                   | 55,784,145                                                                                  | \$0.016                                                                     |                                                                                                                                                   |
| <b>Total</b>                                               | <b>99,317,145</b>                                                                           |                                                                             | <b>1,750,000</b>                                                                                                                                  |

(1) The 1993 Incentive Plan has expired and no additional options or awards can be granted under this plan.

## Recent Issuances Of Unregistered Securities

We did not issue any unregistered securities during the three-month period ended December 31, 2011 that were not previously reported in a Current Report on Form 8-K.

## Repurchase of Shares

We did not repurchase any of its shares during the fourth quarter of the fiscal year covered by this report.

## ITEM 6. SELECTED FINANCIAL DATA.

Not applicable to a “smaller reporting company” as defined in Item 10(f)(1) of SEC Regulation S-K.

## ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### Overview

During the past three years, we have focused our efforts on acquiring, improving, and planting Jatropha farms (which are located in Mexico). To date, most of the Jatropha trees that we planted in our new farms have not been mature enough to bear significant amount of Jatropha fruit from which we could produce commercial quantities of Jatropha oil. The first trees that we planted are now, however, maturing to the point that we anticipate being able to harvest substantial quantities of fruit in 2012. As a result, we anticipate that our farms will commence generating increased revenues in 2012. We recently finished planting Jatropha trees on our second farm, and therefore anticipate that those trees will likewise start bearing fruit in 2013. We have also recently purchased a third farm, and we expect to start cultivating and planting Jatropha trees on this third farm later in 2012. As these newly planted trees mature they will bear fruit from which we can produce Jatropha oil. With the additional productive trees, revenues from our farm are expected to significantly increase in the future.

Our Mexico farm operations are managed by us through our wholly owned Mexican subsidiary, Global Energias Renovables, and the farm labor is employed through GCE Mexico I, LLC (“GCE Mexico”), our majority-controlled subsidiary. GCE Mexico obtains its funding from on-going equity contributions of the unaffiliated investors of that entity. Revenues generated, and expected to be generated, by the operations of GCE Mexico’s three farms will be used by that entity, and profits, if any, will be distributed to all owners of GCE Mexico (including this company).

We currently receive monthly payments from GCE Mexico to reimburse us for our expenses (including an allocation for overhead expenses) related to the management of the Mexico operations. In addition to the reimbursements we receive for managing GCE Mexico and the three Mexico farms, this company (Global Clean Energy Holdings, Inc.) generates revenues from fees received for providing advisory and consulting services to third parties regarding Jatropha farms and the uses of Jatropha bio-diesel. Other than subsidies received from the Government of Mexico, these management/advisory service fees and the reimbursement payments from GCE Mexico I, LLC have been our principal sources of cash flow.

### 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 the Jatropha trees 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 this Annual Report. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material effect on our financial statements.

## Results Of Operations

**Revenues.** During the years ended December 31, 2011, (“fiscal 2011”) and December 31, 2010 (“fiscal 2010”) , we recognized revenues of \$1,277,385 and \$848,808, respectively. The revenues that we generated in 2011, and 2010 primarily represent government subsidies received and fees earned for Jatropha related advisory services we rendered to third parties. To a lesser extent, revenues also include sales of Jatropha seeds and other products (waste wood, Jatropha seed husks, etc.) from our Mexico farms. Since we acquired our first Jatropha farm in 2008, we have been engaged in cultivating the farms and planting Jatropha trees. The Jatropha trees in our first farm are expected to produce the first significant size harvest later in 2012. The harvest from our first farm is expected to increase each year until maturity is achieved. Planting in the second Jatropha farm was substantially completed at the end of 2011, and the trees on that farm are expected to produce their first significant harvest at the end of 2014, while reaching maturity in 2017.

The increase in revenues in fiscal 2011 compared to fiscal 2010 is the result of an increase in subsidy payments received from the Mexican government, an increase in Jatropha farm advisory fees received from third parties, and, to a lesser extent, from an increase in revenues generated from the sale of our Jatropha farm products. Our goal in 2012 is to substantially increase the revenues derived from the operations of our farms (particularly from the anticipated Jatropha harvest in our first farm) and to continue to generate fees from advisory services that we render to third parties.

**General And Administrative Expenses.** Our general and administrative expenses for fiscal 2011, and fiscal 2010 were \$2,087,447 and \$2,659,588, respectively. 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). The decrease is significantly related to a decrease in officer compensation.

**Plantation and Operating Costs.** We recorded plantation and operating costs of \$454,947 and \$389,738 for fiscal 2011 and fiscal 2010, respectively. Materially, all costs incurred, on the farms, are related to cultivation and harvesting. These costs were deferred into the long-term asset, “Deferred Growing Cost”.

**Other Income/Expense.** The principal component of Other Income/Expense for fiscal 2011 was the \$1,024,076 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. There was a gain of \$601,114 on the settlement of liabilities in fiscal 2010.

In fiscal 2011, we incurred \$608,068 of interest expense, compared to interest expense of \$489,039 in fiscal 2010. This increase in interest expense is primarily due to the increase in debt associated with the acquisition of additional land for our farm operations in Tizimin, Mexico. We currently own approximately 15,800 acres of land in Mexico that is subject to interest bearing mortgages, compared to approximately 8,849 acres of such land owned in 2010.

**Income from Discontinued Operations.** During the fourth quarter of fiscal 2009, we sold the SaveCream legacy assets related to our former, discontinued bio-pharmaceutical business. During the fiscal 2011, we recognized a loss of \$574

from these discontinued operations, compared to \$31,266 of income we recognized in fiscal 2010. The income from discontinued operations in fiscal 2010 was the result of foreign currency exchange rate gains on remaining liabilities associated with our former bio-pharmaceutical business, which are denominated in euros.

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 five investors own the other 50% of the common membership interests. The proceeds from the sale of the preferred membership units, and from subsequent capital contributions, have been used to fund the operations of Asideros Globales Corporativo 1 (“Asideros 1”) and Asideros Globales Corporativo 2 (“Asideros 2”), each of which have acquired land in Mexico that, collectively, constitute our first two Jatropha farms. Asideros Globales Corporativo 3 (“Asideros 3”) acquired our third farm in October 2011, but had no impact on the results of our operations. We own 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, losses are allocated to the members who have contributed capital and who have positive capital account 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. In fiscal 2011, we incurred a loss from operations of \$1,265,009, compared to a loss from operations of \$2,200,518 in the prior fiscal year. The decrease in the loss from operations was due in part to the \$428,577 increase in revenues and the \$572,141 decrease in general and administrative expenses. However, in fiscal 2011, we realized net income attributable to Global Clean Energy Holdings, Inc. of \$271,136 because of the \$1,024,076 gain from the settlement of liabilities. Our net loss attributable to Global Clean Energy Holdings, Inc. in fiscal 2010 was \$625,287. In fiscal 2010, we realized \$601,114 of gains from the settlement of liabilities, which reduced the amount of the losses.

#### Liquidity and Capital Resources

As of December 31, 2011, we had \$677,000 in cash and a working capital deficit of \$1,726,627, as compared with \$1,097,000 in cash and a working capital deficit of \$2,427,000 at December 31, 2010. The working capital deficit reported in the Annual Report for fiscal 2010 was \$5,035,000. In fiscal 2010, we treated both (i) the \$1,154,943 of accrued interest on our long term notes payable and (ii) the accrued return on non-controlling interest of \$1,452,744 as current liabilities. Since the investors have agreed not to receive payment on the accrued interest until GCE Mexico has sufficient cash flow, and since the accrued Preferred Return will not be payable within twelve months, we have reclassified these amounts as long term liabilities.

Of the cash and cash equivalent balances as of December 31, 2011, \$255,163 represent funds to be used for general corporate purposes, with the remaining balance anticipated to be used in the operations of the Tizimin, Mexico farms owned by that joint venture. As a result, the GCE Mexico I, LLC funds will not be available to us for our working capital or other purposes, and are not available to us to repay indebtedness.

Based on the funds we have available, and on the proceeds we expect to receive during this year from our operations, we do not believe that we have sufficient funds to pay all of our 2012 projected administrative and other operating expenses. We also do not have sufficient cash to repay all of our current liabilities should we be required to do so, nor do we have any funds available to make any capital investments.



Our cash requirements consist of cash required to fund (i) the corporate overhead and operating expenses of Global Clean Energy Holdings, Inc., and (ii) our operations at our three farms in Mexico. Our liquidity needs for each of these categories is described below:

Global Clean Energy Holdings, Inc. Since our inception, we have financed our working capital needs primarily (i) through private sales of equity and debt financing, and (ii) from fees that we have generated by providing consulting and advisory fees to third parties related to Jatropha farm operations and the uses of Jatropha as a biofuel. In July 2011, we raised \$500,000 from the sale of common stock which was used for working capital purposes. Part of our corporate overhead (the functions related to our operations in Mexico) has been funded through reimbursement payments we receive from GCE Mexico I, LLC ("GCE Mexico"). During the 2011, we received overhead reimbursements of \$307,428 from GCE Mexico. We anticipate that the amount of reimbursement payments we will receive from GCE Mexico will increase as a result of the increase in our farm size and activities. Also, in fiscal 2011 we earned advisory fees of \$260,495 from third party advisory service clients. However, while we anticipate that we will continue to generate advisory service fees in the near term, we do not have any long-term consulting agreements. Accordingly, the amount of advisory fees that we may receive in 2012 is uncertain and is not expected to be sufficient to fund our working capital needs. We also expect 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. We received our first payment \$19,653 from Curadis under this new licensing arrangement in March 2012. The foregoing revenues that we anticipate receiving during the next twelve months are not, however, expected to be sufficient to fund our projected working capital needs for the next twelve months. Accordingly, we anticipate that we will have to obtain additional equity financing in 2012 to fund our anticipated working capital deficit.

As of March 19, 2012, we have not consummated any portion of our targeted equity raise for 2012, and we have not identified the sources for all of the required equity. Certain investors may be unwilling to invest in our securities since we are traded on the OTC Bulletin Board and not on a national securities exchange, particularly if there is only limited trading in our common stock on the OTC Bulletin Board at the time we seek financing. The volume and frequency of such trading has been limited to date. There is no assurance that sufficient funding through a financing will be available to us at acceptable terms or at all. Any additional funding that we obtain in a financing is likely to reduce the percentage ownership of the company held by our existing securityholders. The amount of this dilution may be substantial based on the trading price of our common stock. If we do not raise additional funds, we may be required to reduce or otherwise restructure our operations.

In 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, now our wholly-owned subsidiary, owns a 400-acre farm in subtropical Belize, Central America, which was used for Jatropha farming purposes. We paid part of the purchase price of TAL by issuing four promissory notes to the four former owners. These notes are secured by a lien on the 400-acre farm and have an aggregate initial principal balance of \$516,139 Belize Dollars (approximately U.S. \$258,000 based on exchange rates in effect at March 13, 2012). The maturity on the notes have been extended until August 16, 2012. We have determined that the operation of the Belizean farm is not economical given its small size and remote location and was not an efficient use of corporate capital. Therefore, we have ceased operations at that farm and have relocated its research and farm assets to our Mexico farms. We have reclassified the Belizean farm as an investment property and are currently attempting to sell the property. If the land is sold, the net proceeds are expected to be sufficient to repay the outstanding four secured notes and to provide us with additional proceeds. The excess of the net sales proceeds, if the property is sold, will be used for our working capital purposes.

GCE Mexico I, LLC. Our business plan calls for us to acquire, develop and operate large Jatropha farms for the purpose of harvesting Jatropha oil for use as a bio-fuel. The cost of acquiring and developing these farms significantly exceeds our current funding capabilities. Accordingly, we have funded the acquisition of the three Mexico Jatropha farms through the GCE Mexico joint venture. We currently own 50% of the issued and outstanding common membership units of GCE Mexico. The remaining 50% in common membership units were issued to five investors affiliated with two of our largest stockholders. In addition, preferred membership units were issued to two affiliates of our two largest stockholders. As of March 16, 2012, the unaffiliated members of GCE Mexico have contributed a total of \$20million to GCE Mexico since the formation of that entity. Distributions of available cash from GCE Mexico will first be used to return the foregoing capital contributions and financing, plus an annual 12% preferred return on the contributed capital(excluding the notes payable of \$5.1 million), and are then expected to be distributed 50% to this company, and 50% to the investors. Because the three Jatropha farms owned through GCE Mexico are new farms (only one of which is expected to generate significant revenues in 2012), we do not project that cash distributions will be made to Global Clean Energy Holdings, Inc. for several years.

The operations of the farms owned through GCE Mexico have, to date, been funded (i) primarily by the foregoing capital contributions made by the third party investors in GCE Mexico and, (ii) to a lesser extent, by government subsidies and by revenues generated by that entity (the farms have generated some revenues from the sale of biomass and oil). The first of the three farms owned through GCE Mexico is expected to commence generating revenues from the commercial sale of Jatropha oil during 2012 (mostly in the fall of 2012). Because the GCE Mexico operations are new and the 2012 harvests will be the first commercial harvest, we are unable to estimate the amount of revenues that GCE Mexico may generate from its operations. However, the revenues from the first farm will not be sufficient to pay the operating costs of GCE Mexico in 2012. We have submitted a budget to the third party investors of GCE Mexico for the 2012 operating expenses of GCE Mexico, and the principal investors of GCE Mexico have acknowledged their intent to contribute sufficient additional funds to pay the budgeted cash requirements during 2012. Based on these assurances, we anticipate that we will have sufficient funds to operate our Mexico farms in 2012. No assurance can, however, be given that the costs of operating the Mexico farms will not exceed our budget or that our investors will, in fact, fund the budgeted amounts.

In fiscal 2012, we purchased approximately 5,557 acres of additional farmland in Mexico through GCE Mexico. The purchase of that land was financed through a \$2,095,525 mortgage loan. As a result, the purchase of the land did not negatively impact our current liquidity. We anticipate that we may make additional land purchases in Mexico through the GCE Mexico joint venture.

**Other Liquidity Needs.** Our business plan also calls us to purchase our own Jatropha farms (in Mexico, or elsewhere). Any such additional farms will require a significant infusion of additional capital. Because of our negative working capital position, we currently do not have the funds necessary to acquire and cultivate additional farms solely for our own account. In order to purchase Jatropha farms for our own account, or to acquire or build facilities to process our own Jatropha oil, 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. No assurance can be given that we will be able to obtain sufficient capital from these sources. The trading price of our common stock and the downturn in the equity and debt markets are expected to make it more difficult to obtain financing through the issuance of equity or debt securities. The sale of additional equity or debt securities may result in further dilution to our existing stockholders, and new equity securities that we may issue may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will not be able to complete our business plan and expand our operations as planned.

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

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

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to a “smaller reporting company.”

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

### ITEM 9A. CONTROLS AND PROCEDURES.

#### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures which are designed to ensure that the information required to be disclosed in the reports it files or submits under the Securities Exchange Act of 1934 (as amended, the “Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer (“Certifying Officers”), to allow timely decisions regarding required financial disclosures.

In connection with the preparation of this Annual Report, our Certifying Officers evaluated the effectiveness of management’s disclosure controls and procedures, as of December 31, 2011, in accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on that evaluation, the Certifying Officers concluded that management’s disclosure controls and procedures were effective as of December 31, 2011.

#### Management’s Report on Internal Control Over Financial Reporting

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

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

Management, with the participation of our principal executive and financial officers, conducted an evaluation of the effectiveness of our internal control over financial reporting, as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management concluded that, as of December 31, 2011, our internal control over financial reporting was effective.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm as such attestation is not required for non-accelerated filers such as us pursuant to applicable SEC rules.

## Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2011 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## ITEM 9B. OTHER INFORMATION

None.

## PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

The following table sets forth the name, age and position held by each of our executive officers and directors. Directors are elected for a period of one year and thereafter serve until the next annual meeting at which their successors are duly elected by the stockholders.

| Name                   | Age | Position                                                        |
|------------------------|-----|-----------------------------------------------------------------|
| David R. Walker<br>(1) | 67  | Chairman of the Board                                           |
| Richard Palmer         | 51  | President, Chief Executive Officer and Director                 |
| Gregory S. Cardenas    | 51  | Executive Vice President, Chief Financial Officer and Secretary |
| Martin Wenzel(1)       | 53  | Director                                                        |

---

(1) Member of our Audit Committee

## Business Experience and Directorships

The following describes the backgrounds of current executive officers and directors. Our Board of Directors has determined that Mr. Walker and Mr. Wenzel . Bernstein are independent directors as defined in the Nasdaq rules governing members of boards of directors.

## David R. Walker

David R. Walker joined the Board of Directors on May 2, 1996, and was appointed Chairman of the Board of Directors on May 10, 1998. He has served as Chairman of the Audit Committee since its establishment in 2001. For over 20 years, Mr. Walker has been the General Manager of Sunheaven Farms, the largest onion growing and packing entity in the State of Washington. In the capacity of General Manager, Mr. Walker performs the functions of a traditional chief financial officer. Mr. Walker holds a Bachelor of Arts degree in economics from Brigham Young University with minors in accounting and finance.

The Board believes that Mr. Walker's experience regarding the operation and management of large-scale agricultural farms and his experience as a financial officer are valuable resources to our Board in formulating business strategy,

addressing business opportunities and resolving operational issues that arise from time to time.

#### Richard Palmer

Richard Palmer was appointed as our President and Chief Operating Officer in September 2007, and been a member of the Board of Directors since September 2007. Mr. Palmer became our Chief Executive Officer on December 21, 2007. Mr. Palmer has over 25 years of hands-on experience in the energy field, holding senior level management positions with a number of large engineering, development, operations and construction companies. He is a co-founder of Mobius Risk Group, LLC, an energy risk advisory services consulting company, and was a principal and Executive Vice President of that consulting company from January, 2002 until September 2007. From 1997 to 2002, Mr. Palmer was a Senior Director at Enron Energy Services. Prior thereto, from 1995 to 1996 Mr. Palmer was a Vice President of Bentley Engineering, and a Senior Vice President of Southland Industries from 1993 to 1996. Mr. Palmer received his designation as a Certified Energy Manager in 1999, holds two Business Management Certificates from University of Southern California's Business School, and is an active member of both the American Society of Plant Biologists and the International Tropical Farmers Association.

Over the last 25 years, Mr. Palmer has held senior level management positions with a number of large engineering, development, operations and construction companies, and, as a result, he has garnered a wealth of experience in the energy field. Mr. Palmer's experience is important to the development and execution of the Company's business plan. Mr. Palmer is the only member of management who serves as a director of the Company.

#### Martin Wenzel

Martin Wenzel joined our Board of Directors in April 2010, and serves on the Board's audit committee. Mr. Wenzel is currently the President and Chief Executive Officer of Colorado Energy, the operating entity of Bicent Power, LLC, which is a privately owned limited liability company that owns and operates power generating stations in Colorado, Montana and California. From 2005 until August 2007, he served as the Senior Vice President (Sales and Marketing) of Miasole Inc. Prior thereto, from 2001 to 2004, Mr. Wenzel was President and Chief Executive Officer of Alpha Energy LLC. He is also a member of the Board of the Deming Center of Entrepreneurship at the University of Colorado. Mr. Wenzel holds an Executive MBA from Columbia Business School; a Masters degree in Systems Management from the University of Southern California; and a Bachelors degree in Engineering and Management from the US Naval Academy.

Mr. Wenzel has an extensive background in the energy industry, including over 25 years of developing, constructing and operating energy projects, marketing energy commodities and operating energy assets in the U.S. and internationally. The Board concluded that Mr. Wenzel's expertise in energy policy and alternative energy technologies is a valuable asset for the Board of Directors of the Company.

#### Gregory S. Cardenas

Gregory S. Cardenas was appointed as our new Executive Vice President and Chief Financial Officer in November 2012. Mr. Cardenas has over 25 years experience in finance and development, and has successfully arranged over \$8 billion in project financings for leading U.S. project developers involved in power generation, natural gas transportation, storage and electrical distribution in the United States and in emerging markets. Mr. Cardenas is a California CPA and holds a Masters of Business Taxation and a Masters of Business Administration from Golden Gate University.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on information provided to us by our officers and our review of copies of reporting forms received by us, we believe that during fiscal year ended December 31, 2011, our current officers and directors complied with the filing requirements under Section 16(a).

#### Code of Ethics

Our Board of Directors has adopted a code of ethics that applies to our principal executive officers, principal financial officer or controller, or persons performing similar functions (“Code of Ethics”). A copy of our Code of Ethics will be furnished without charge to any person upon written request. Requests should be sent to: Secretary, Global Clean Energy Holdings, Inc., 100 W. Broadway, Suite 650, Long Beach, California 90802.

#### Board Committees

Our Board of Directors has an Audit Committee, but does not currently have a Compensation Committee or a Nominating Committee.

The Audit Committee meets periodically with management and with our independent registered public accounting firm to, among other things, review the results of the annual audit and quarterly reviews and discuss the financial statements. The audit committee also hires the independent registered public accounting firm, and receives and considers the accountant’s comments as to controls, adequacy of staff and management performance and procedures. The Audit Committee is also authorized to review related party transactions for potential conflicts of interest. During the fiscal year ended December 31, 2011, Dave Walker and Martin Wenzel constituted all of the members of the Audit Committee. Both Mr. Walker and Mr. Wenzel were non-employee directors and independent as defined under the Nasdaq Stock Market’s listing standards. As Mr. Walker has significant knowledge of financial matters, the Board has designated Mr. Walker as the “audit committee financial expert” of the Audit Committee. The Audit Committee met four times during fiscal 2011 in connection with this Annual Report and our Quarterly Reports on Form 10-QSB. The Audit Committee operates under a formal charter that governs its duties and conduct.

#### ITEM 11. EXECUTIVE COMPENSATION.

##### Summary Compensation Table.

The following table set forth certain information concerning the annual and long-term compensation for services rendered to us in all capacities for the fiscal years ended December 31, 2010 and 2011 of all persons who served as our principal executive officer and principal financial officer during the fiscal year ended December 31, 2011. No other executive officers earned annual compensation during the fiscal year ended December 31, 2011 that exceeded \$100,000. The principal executive officer and the other named officers are collectively referred to as the “Named Executive Officers.”

Summary Compensation Table

| Name and Principal Position | Fiscal Year Ended 12/31 | Salary Paid or Accrued (\$) | Bonus Paid or Accrued (\$) | Stock Awards (\$) | Option Awards (\$) | All Other Compensation (\$) | Total (\$) |
|-----------------------------|-------------------------|-----------------------------|----------------------------|-------------------|--------------------|-----------------------------|------------|
| Richard Palmer              | 2011                    | 250,000                     | 0                          | 0                 | 0                  | 22,800                      | 272,800    |
|                             | 2010                    | 250,000                     | 250,000                    | 0                 | 0                  | 23,400                      | 523,200    |

|                     |      |         |         |   |   |        |         |
|---------------------|------|---------|---------|---|---|--------|---------|
| Gregory Cardenas(2) | 2011 | 23,700  |         |   |   |        | 23,700  |
| Bruce Nelson(1)     | 2011 | 149,573 | 0       | 0 | 0 | 10,000 | 159,573 |
|                     | 2010 | 175,000 | 175,000 | 0 | 0 | 12,000 | 362,000 |

(1) Bruce Nelson resigned as our Chief Financial Officer on November 15, 2011. Accordingly, all information set forth herein represents compensation he received through that date.

(2) Gregory Cardenas was appointed as our Chief Financial Officer on November 16, 2011. The information set forth in the above table represents compensation paid to Mr. Cardenas during the period between November 16, 2011 and December 31, 2011.

## Stock Option Grant

The following table sets forth information as of December 31, 2011, concerning unexercised options, unvested stock and equity incentive plan awards for the executive officers named in the Summary Compensation Table.

## OUTSTANDING EQUITY AWARDS AT YEAR ENDED DECEMBER 31, 2011

| Name             | Option Awards                                           |                                                         |                                                                                       |                            | Stock Awards           |                                                             |                                                                    |                                                                                           |
|------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
|                  | Number of Securities Underlying Unexercised Options (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (\$) |
| Richard Palmer   | 6,000,000                                               |                                                         |                                                                                       | 0.03                       | 8/20/2012              |                                                             |                                                                    |                                                                                           |
|                  | 6,000,000                                               |                                                         |                                                                                       | 0.03                       | 8/20/2012              |                                                             |                                                                    |                                                                                           |
|                  |                                                         | 6,000,000                                               |                                                                                       | 0.02                       | 3/16/2020              |                                                             |                                                                    |                                                                                           |
|                  |                                                         | 6,000,000                                               |                                                                                       | 0.02                       | 3/16/2020              |                                                             |                                                                    |                                                                                           |
| Gregory Cardenas | 500,000                                                 |                                                         |                                                                                       | 0.037                      | 11/14/2021             |                                                             |                                                                    |                                                                                           |
|                  |                                                         | 1,500,000                                               |                                                                                       | 0.037                      | 11/14/2021             |                                                             |                                                                    |                                                                                           |
|                  |                                                         | 3,000,000                                               |                                                                                       | 0.037                      | 11/14/2014             |                                                             |                                                                    |                                                                                           |
| Bruce Nelson     | 500,000                                                 |                                                         |                                                                                       | 0.05                       | 3/20/2018              |                                                             |                                                                    |                                                                                           |
|                  | 500,000                                                 |                                                         |                                                                                       | 0.05                       | 3/20/2018              |                                                             |                                                                    |                                                                                           |
|                  | 500,000                                                 |                                                         |                                                                                       | 0.05                       | 3/20/2018              |                                                             |                                                                    |                                                                                           |
|                  | 500,000                                                 |                                                         |                                                                                       | 0.05                       | 3/20/2018              |                                                             |                                                                    |                                                                                           |
|                  | 1,250,000                                               |                                                         |                                                                                       | 0.05                       | 3/20/2013              |                                                             |                                                                    |                                                                                           |
|                  | 1,250,000                                               |                                                         |                                                                                       | 0.05                       | 3/20/2013              |                                                             |                                                                    |                                                                                           |

## Director Compensation.

On April 22, 2009, our Board of Directors adopted a compensation policy for non-employee directors (“Compensation Policy”), effective as of July 1, 2009. Pursuant to the Compensation Policy, non-employee directors will be entitled to receive the following benefits, among others, in consideration for their services as directors of the Company:



- Monthly cash payments of \$2,000;
- Annual grants of non-qualified stock options to purchase up to 500,000 shares of the Company's common stock;
- Participation in the Company's stock option plans; and
- Reimbursement of certain expenses incurred in connection with attendance of meetings of the Board and Board Committee.

The following table sets forth information concerning the compensation paid to each of our non-employee directors during fiscal 2011 for their services rendered as directors. The compensation of Richard Palmer, who serves as a director and as our President and Chief Executive Officer, is described above in the Summary Compensation Table.

#### DIRECTOR COMPENSATION FOR FISCAL YEAR 2011

| Name               | Fees<br>Earned or<br>Paid in<br>Cash | Stock<br>Awards | Option<br>Awards(1)(2) | Non-Equity<br>Incentive Plan<br>Compensation | Nonqualified<br>Deferred<br>Compensation<br>Earnings | All Other<br>Compensation | Total  |
|--------------------|--------------------------------------|-----------------|------------------------|----------------------------------------------|------------------------------------------------------|---------------------------|--------|
| David R.<br>Walker | 24,000                               |                 | 14,500                 |                                              |                                                      |                           | 38,500 |
| Richard<br>Palmer  | -                                    |                 | -                      |                                              |                                                      |                           | -      |
| Martin<br>Wenzel   | 24,000                               |                 | 14,500                 |                                              |                                                      |                           | 38,500 |
| Total              | 48,000                               |                 | 29,000                 |                                              |                                                      |                           | 77,000 |

(1) This column represents the aggregate grant date of option awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the option grants, refer to Note 9 of our financial statements in this Annual Report. These amounts do not correspond to the actual value that will be recognized by the named directors from these awards.

(2) Pursuant to the company's director compensation, each non-employee director is entitled to an annual grant of options to acquire 500,000 shares. Each director received options to acquire 500,000 shares of the company's common stock at an exercise price of \$0.029 per share, effective July 1, 2011.

(3) Dr. Bernstein resigned as a director on November 15, 2011.

#### Employment Agreements

Richard Palmer. On September 7, 2007, we entered into an employment agreement (the "Employment Agreement") with Richard Palmer pursuant to which we hired Mr. Palmer to serve as our President and Chief Operating Officer. Mr. Palmer was also appointed to serve as director on our Board of Directors to serve until the next election of directors by our shareholders. Upon the resignation of our prior Chief Executive Officer in December 2007, Mr. Palmer also became our Chief Executive Officer.

Under the Employment Agreement, we granted Mr. Palmer an incentive option to purchase up to 12,000,000 shares of our common stock at an exercise price of \$0.03 (the trading price on the date the agreement was signed), subject to our achievement of certain market capitalization goals. The option expires after five years. As of April 22, 2009, all

12,000,000 shares under the option remained unvested. On April 22, 2009, our Board of Directors approved accelerating the vesting of all 12,000,000 unvested shares under the option, and accelerated the release from escrow of 652,503 shares of restricted common stock issuable to Mr. Palmer under the Global Agreement. As a result, on that date, all of the restricted and escrowed shares were released to Mr. Palmer.

In addition, Mr. Palmer's compensation package includes a base salary of \$250,000, and a bonus payment contingent on Mr. Palmer's satisfaction of certain performance criteria, which will not exceed 100% of Mr. Palmer's base salary. In the event that (i) we terminate Mr. Palmer's employment for reasons other than "cause" (as defined in the Employment Agreement to include material breaches by him of the agreement, fraud, misappropriation of funds or embezzlement), or if (ii) Mr. Palmer resigns because we breached the Employment Agreement, we will be obligated to pay Mr. Palmer an amount equal to one (1) times his then-current annual base salary plus fifty percent (50%) of the target bonus in effect on the date of his termination. However, if Mr. Palmer's employment is terminated for death or disability, or if Mr. Palmer resigns or is terminated for "cause," he will not be entitled to receive any severance payments or other post-employment benefits. The original term of the Employment Agreement commenced September 1, 2007, and was scheduled to expire on September 30, 2010.

On March 16, 2010, the Company and Richard Palmer entered into an amendment (the "Amendment") to the Employment Agreement. Pursuant to the Amendment, the Company extended the term of Mr. Palmer's employment for an additional two years, i.e., through September 30, 2012. Thereafter, the term of employment shall automatically renew for successive one-year periods unless otherwise terminated. In connection with the Amendment, the Company and Mr. Palmer entered into an option agreement ("Option Agreement"). Pursuant to the Option Agreement, the Company granted Mr. Palmer a new option to acquire up to 12,000,000 shares of the Company's common stock at an exercise price of \$0.02, subject to the Company's achievement of certain market capitalization goals. The new option expires after ten (10) years.

Greg S. Cardenas. Effective November 16, 2011, we entered into a binding term sheet (the "Term Sheet") with Gregory S. Cardenas, pursuant to which Mr. Cardenas agreed to serve as our new Executive Vice President and Chief Financial Officer. Under the Term Sheet, Mr. Cardenas is entitled to: (i) receive an annual salary of \$175,000; and (ii) a grant under our 2010 Equity Incentive Plan of a 10-year incentive stock option to purchase up to 2,000,000 shares of our common stock at an exercise price equal to \$0.037 per share, which was the closing market price of our common stock on November 15, 2011. The option (i) vested as to 500,000 shares on November 16, 2011 and (ii) will vest as to the remaining 1,500,000 shares, in 30 equal successive monthly installments commencing on May 31, 2012, provided, in each case, that Mr. Cardenas remains in our continuous employ through such vesting date, and will be on such other terms set forth in our standard form of stock option agreement.

Additionally, Mr. Cardenas was granted a three-year stock option under our 2010 Equity Incentive Plan to purchase up to 3,000,000 shares of the Company's common stock at an exercise price equal to \$0.037 per share (i.e., the closing market price of our common stock on November 15, 2011). Such option will vest (i) as to 1,500,000 shares, if and when the Company's Market Capitalization (as defined) reaches \$75,000,000, and (ii) as to the remaining 1,500,000 shares, if and when the Company's Market Capitalization reaches or exceeds \$120,000,000.

Mr. Cardenas will also be eligible under the Term Sheet to: (i) receive an annual bonus (as determined by the Compensation Committee of our board of directors) of up to 50% of his annual salary, which bonus amount may be increased and the timing of payment accelerated under certain circumstances set forth in the Term Sheet; (ii) participate in all Company benefit plans in effect for our executive employees from time to time; (iii) receive coverage under any director and officer liability insurance policy maintained by us for services rendered by Mr. Cardenas to us, our subsidiaries and affiliates during the term of his employment; and (iv) receive three weeks of paid vacation per year during the first two years of his employment, and four weeks of paid vacation per year thereafter.

The Term Sheet provides that upon termination of Mr. Cardenas' employment without "cause" (as defined) by us (i) before the sixth month anniversary of the effective date of his employment, Mr. Cardenas will be entitled to a severance payment of one month of salary from the date of termination, or (ii) on or after the sixth month anniversary of the effective date of his employment, Mr. Cardenas will be entitled to a severance payment of three months of salary from the date of termination.



# ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 16, 2012 by (a) each person known by us to own beneficially 5% or more of each class of our outstanding voting shares (i.e. our common stock and our Series B Preferred Stock), (b) each of our named executive officers listed in the Summary Compensation Table and each of our directors and (c) all executive officers and directors of this company as a group. As of March 16, 2012, there were 285,062,812 shares of our common stock issued and outstanding. As of the same date, there were 13,000 shares of our Series B Preferred Stock issued and outstanding, which shares of preferred stock were convertible into an aggregate of 11,818,181 shares of common stock. Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all the shares beneficially owned by them.

| Name and Address of Beneficial Owner<br>(1)                                                                                   | Shares Beneficially<br>Owned (2) | Percent<br>of Class of<br>Common Stock |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------------|
| Preferred Stock:                                                                                                              |                                  |                                        |
| Corporativo LODEMO S.A DE CV<br>Calle 18, #201-B x 23 y 25,<br>Colonias Garcia Gineres, C.P. 97070<br>Merida, Yucatan, Mexico | 9,090,908(3)                     | 3.25%                                  |
| Greenrock Capital Holdings LLC<br>10531 Timberwood Circle, Suite D<br>Louisville, Kentucky 40223                              | 2,727,273(4)                     | 1.00%                                  |
| Common Stock:                                                                                                                 |                                  |                                        |
| Roll Energy Investments LLC<br>11444 West Olympic Boulevard, 10th<br>Floor<br>Los Angeles, California 90064                   | 33,094,500(5)                    | 11.60%                                 |
| Michael Zilkha<br>1001 McKinney, Suite 1900<br>Houston TX 77002                                                               | 39,635,000(6)                    | 13.90%                                 |
| Directors/Named Executive Officers:                                                                                           |                                  |                                        |
| Richard Palmer                                                                                                                | 72,030,241 (7)                   | 25.50%                                 |
| David R. Walker                                                                                                               | 2,653,539 (9)                    | *                                      |
| Gregory S. Cardenas                                                                                                           | 500,000 (10)                     | *                                      |
| Martin Wenzel                                                                                                                 | 1,000,000 (11)                   | *                                      |
| All Named Executive Officers and<br>Directors as a group (5 persons)                                                          | 76,183,780                       | 25.50%                                 |

\* Less than 1%

(1) Unless otherwise indicated, the business address of each person listed is c/o Global Clean Energy Holdings, Inc., 100 W. Broadway, Suite 650, Long Beach, California 90802.

(2) For purposes of this table, shares of common stock are considered beneficially owned if the person directly or indirectly has the sole or shared power to vote or direct the voting of the securities or the sole or shared power to dispose of or direct the disposition of the securities. Shares of common stock are also considered beneficially owned if a person has the right to acquire beneficial ownership of the shares upon exercise or conversion of a security within 60 days of March 24, 2011.

(3) Consists of 9,090,908 shares of common stock that may be acquired upon the conversion of shares of Series B Preferred Stock. Corporativo LODEMO owns 10,000 shares of our Series B Preferred Stock, which represents approximately 76.92% of the issued and outstanding shares of that class of securities.

- (4) Consists of 2,727,273 shares of common stock that may be acquired upon the conversion of shares of Series B Preferred Stock. Greenrock owns 3,000 shares of our Series B Preferred Stock, which represents approximately 23.08% of the issued and outstanding shares of that class of securities.
- (5) Includes (i) 945,000 shares that may be acquired upon exercise of currently exercisable warrants, and (ii) 9,450,000 shares issuable upon conversion of an outstanding convertible promissory note. The common shares, warrants and convertible note disclosed herein are directly owned by Roll Energy Investments LLC ("Roll LLC"). However, Stewart Resnick is the sole manager of Roll LLC and, as a result of his control over Roll LLC, he is deemed to beneficially own the securities held by Roll LLC.
- (6) Includes (i) 945,000 shares that may be acquired upon exercise of currently exercisable warrants, and (ii) 9,450,000 shares issuable upon conversion of an outstanding convertible promissory note.
- (7) Consists of 12,000,000 shares that may be acquired upon the exercise of currently exercisable options. Mr. Palmer also has options to acquire 12,000,000 shares of common stock that are not currently exercisable and will not become exercisable unless certain conditions are met.
- (9) Includes 1,750,000 shares that may be acquired upon the exercise of options.
- (10) Consists of 500,000 shares that may be acquired upon the exercise of options.
- (11) Includes 500,000 shares that may be acquired upon the exercise of options.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

##### Certain Relationships and Related Transactions

Roll Energy Investments LLC ("Roll LLC") and Michael Zilkha are our largest stockholders, and each presently owns more than 10% of our common stock. Stewart Resnick is the sole manager of Roll LLC and, as a result of his control over Roll LLC, he is deemed to beneficially own the securities held by Roll LLC.

As noted elsewhere in this report, we currently own 50% of the issued and outstanding common membership units of GCE Mexico, with the remaining 50% held by five other investors (the "Common Members"). Additionally, two investors (the "Preferred Members") own all of the preferred membership units of GCE Mexico. Mr. Resnick is affiliated with one of the Common Members and one of the Preferred Members. Mr. Zilkha is affiliated with four of the Common Members and the other Preferred Member. The Preferred Members are entitled to a preferential 12% per annum cumulative compounded return on their investment in GCE Mexico.

On October 19, 2011, the two Preferred Members made a \$2,095,525 loan to GCE Mexico to purchase 5,557 acres of additional land in Mexico for the development of an additional Jatropha farm. The loan is secured by the land and bears interest at a rate of 12% per annum. In addition, in fiscal 2011 the Preferred Members contribute an additional \$5 million to GCE Mexico to fund its operations.

As of March 16, 2012, the Preferred Members have contributed a total of \$15,471,000 to GCE Mexico. The two Preferred Members also directly funded the purchase by GCE Mexico's operating subsidiaries of the land in the State of Yucatan in Mexico on which the GCE Mexico three farms are located. The purchase of land for the three farms was funded by mortgage loans, which cumulatively had an initial principal balance of \$5,110,189. The mortgages bear interest at the rate of 12% per annum, and interest is payable on a quarterly basis to the extent the borrower has sufficient cash flow. The three mortgages, including any unpaid interest, become due in April, 2018, February 2019, June and October 2021.

Additionally, the Company entered into a securities purchase agreement with the preferred members pursuant to which the Company issued senior unsecured convertible promissory notes in the original aggregate principal amount of \$567,000 and warrants to acquire an aggregate of 1,890,000 shares of the Company's common stock. The

Convertible Notes mature on the earlier of (i) March 16, 2012, or (ii) upon written demand of payment by the note holders following the Company's default thereunder. The maturity date of the Convertible Notes may be extended by written notice made by the note holders at any time prior to March 16, 2012. These notes have been extended to September 2013. Interest accrues on the convertible notes at a rate of 5.97% per annum, and is payable quarterly in cash, in arrears, on each nine-month anniversary of the issuance of the convertible notes.

## Director Independence

Our common stock is traded on the OTC Bulletin Board and OTCQB Market under the symbol “GCEH.” Neither the OTC Bulletin Board electronic trading platform nor the OTCQB Market maintains any standards regarding the “independence” of the directors on our company’s Board of Directors, and we are not otherwise subject to the requirements of any national securities exchange or an inter-dealer quotation system with respect to the need to have a majority of our directors be independent.

In the absence of such requirements, we have elected to use the definition for “director independence” under the Nasdaq Stock Market’s listing standards, which defines an “independent director” as “a person other than an officer or employee of us or its subsidiaries or any other individual having a relationship, which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.” The definition further provides that, among others, employment of a director by us (or any parent or subsidiary of ours) at any time during the past three years is considered a bar to independence regardless of the determination of our Board of Directors.

Our Board of Directors has determined that Mr. Walker and Mr. Wenzel are independent directors as defined in the Nasdaq rules relating to director independence. Each of Mr. Walker and Mr. Wenzel are non-employee directors.

## ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

### Audit Fees

The aggregate fees accrued by Hansen, Barnett & Maxwell, P.C. during the fiscal year ended December 31, 2011 and 2010 for professional services for the audit of our financial statements and the review of financial statements included in our Forms 10-Q and SEC filings were \$ 80,936 and \$53,500 respectively.

### Audit-Related Fees

Hansen, Barnett & Maxwell, P.C. did not provide and did not bill and it was not paid any fees for, audit-related services in the fiscal years ended December 31, 2011 and 2010.

### Tax Fees

Hansen, Barnett & Maxwell, P.C. did not provide, and did not bill and was not paid any fees for, tax compliance, tax advice, and tax planning services for the fiscal years ended December 31, 2011 and December 31, 2010.

### All Other Fees

Hansen, Barnett & Maxwell, P.C. did not provide, and did not bill and were not paid any fees for, any other services in the fiscal years ended December 31, 2011 and 2010.

## Audit Committee Pre-Approval Policies and Procedures

Consistent with SEC policies, the Audit Committee charter provides that the Audit Committee shall pre-approve all audit engagement fees and terms and pre-approve any other significant compensation to be paid to the independent registered public accounting firm. No other significant compensation services were performed for us by Hansen, Barnett & Maxwell, P.C. during 2011 and 2010.



ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Our financial statements and related notes thereto are listed and included in this Annual Report beginning on page F-1. The following documents are furnished as exhibits to this Form 10-K. Exhibits marked with an asterisk are filed herewith. The remainder of the exhibits previously have been filed with the Commission and are incorporated herein by reference.

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

- 10.6 Loan and Security Agreement, dated September 7, 2007, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference).
- 10.7 Note Amendment And Maturity Date Extension, dated January 12, 2009, between the Company and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on April 15, 2009, and incorporated herein by reference)
- 10.8 Consulting Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Mobius Risk Group, LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
- 10.9 Employment Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Richard Palmer (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
- 10.10 Release and Settlement Agreement dated August 31, 2007 between Medical Discoveries, Inc. and Richard Palmer (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
- 10.11 Release and Settlement Agreement, dated as of October 19, 2007, by and among the Company, on the one hand, and Mercator Momentum Fund, LP, Monarch Pointe Fund, Ltd., and Mercator Momentum Fund III, LP, on the other hand. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference)
- 10.12 Form of Warrant (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference)
- 10.13 Securities Purchase Agreement, dated as of November 6, 2007, by and among Medical Discoveries, Inc. and the Purchasers (as defined therein) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 13, 2007, and incorporated herein by reference)
- 10.14 Employment Agreement dated March 20, 2008 between Global Clean Energy Holdings, Inc. and Bruce K. Nelson (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 7, 2008, and incorporated herein by reference)
- 10.15 Exchange Agreement, effective April 18, 2008, by and between Global Clean Energy Holdings, Inc., on the one hand, and Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., and Monarch Pointe Fund, Ltd. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 24, 2008, and incorporated herein by reference)
- 10.16 Amendment to Loan and Security Agreement, dated May 19, 2008, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q filed August 14, 2008, and incorporated herein by reference)
- 10.17 Stock Purchase Agreement, dated October 30, 2008, between the Global Clean Energy Holdings, Inc. and the four shareholders of

|       |                                                                                                                                                                                                                                                                                                             |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       | Technology Alternatives Limited, a Belizean Company formed under the Laws of Belize (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-QSB filed November 14, 2008, and incorporated herein by reference)                                                                                  |
| 10.17 | Limited Liability Company Agreement of GCE Mexico I, LLC, a Delaware Limited Liability Company, dated April 23, 2008 (filed on December 31, 2009, as Exhibit 10.17 to the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2008, and incorporated herein by reference)*        |
| 10.18 | Service Agreement, dated October 15, 2007, between the Company and Corporativo LODEMO S.A DE CV, a Mexican corporation (filed on December 31, 2009 as Exhibit 10.18 to the Company's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2008, and incorporated herein by reference)*       |
| 10.19 | Sale and Asset Purchase Agreement, dated November 16, 2009, between Global Clean Energy Holdings, Inc., MDI Oncology, Inc., and Curadis GmbH (filed as an Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 20, 2009, and incorporated herein by reference)*                    |
| 10.20 | Amendment to Employment Agreement, dated March 16, 2010, between Global Clean Energy Holdings, Inc. and Richard Palmer (filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K filed on March 31, 2010, and incorporated herein by reference)                                                   |
| 10.21 | Stock Option Agreement, dated March 16, 2010, between Global Clean Energy Holdings, Inc. and Richard Palmer (filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K filed on March 31, 2010, and incorporated herein by reference)                                                              |
| 10.22 | Securities Purchase Agreement, dated March 16, 2010, between Global Clean Energy Holdings, Inc. and certain investors named therein (including certain exhibits thereto) (filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K filed on March 31, 2010, and incorporated herein by reference) |
| 10.23 | Stock Purchase Agreement, dated March 30, 2010, between Global Clean Energy Holdings, Inc. and certain investors named therein (filed as Exhibit 10.23 to the Company's Annual Report on Form 10-K filed on March 31, 2010, and incorporated herein by reference)*                                          |
| 10.24 | Office Lease, dated as of May 24, 2010, between Global Clean Energy Holdings, Inc. and Danari Broadway, LLC*                                                                                                                                                                                                |
| 10.25 | Stock Purchase Agreement, dated as of March 2009, among Global Clean Energy Holdings, Inc., and Technology Alternatives Limited and its shareholders listed therein (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 20, 2009, and incorporated herein by reference)*     |
| 14.1  | Medical Discoveries, Inc. Code of Conduct (filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K filed on April 15, 2009, and incorporated herein by reference)                                                                                                                                 |
| 23    | Consent of Hansen, Barnett & Maxwell. P.C.*                                                                                                                                                                                                                                                                 |
| 31    | Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *                                                                                                                                                                                                        |
| 32    |                                                                                                                                                                                                                                                                                                             |

Edgar Filing: Global Clean Energy Holdings, Inc. - Form 10-K

|         |                                                                       |
|---------|-----------------------------------------------------------------------|
| 101.INS | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant |
| 101.SCH | to Section 906 of the Sarbanes-Oxley Act of 2002*                     |
| 101.CAL | XBRL Instance Document                                                |
| 101.DEF | XBRL Taxonomy Extension Schema                                        |
| 101.LAB | XBRL Taxonomy Extension Calculation                                   |
| 101.PRE | XBRL Taxonomy Extension Definition                                    |
|         | XBRL Taxonomy Extension Label                                         |
|         | XBRL Taxonomy Extension Presentation                                  |

\* Filed herewith.

SIGNATURES

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

GLOBAL CLEAN ENERGY HOLDINGS,  
INC.

March 19, 2012

By: /s/ RICHARD  
PALMER

Richard Palmer  
President and Chief Executive Officer

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

| Signature                                      | Title                                                                                  | Date           |
|------------------------------------------------|----------------------------------------------------------------------------------------|----------------|
| /s/ RICHARD PALMER<br>Richard Palmer           | Chief Executive Officer<br>(Principal Executive Officer) and Director                  | March 19, 2012 |
| /s/ GREGORY S. CARDENAS<br>Gregory S. Cardenas | Executive Vice-President and Chief Financial<br>Officer (Principal Accounting Officer) | March 19, 2012 |
| /s/ DAVID<br>WALKER<br>David Walker            | Chairman, the Board of Directors                                                       | March 19, 2012 |
| /s/ MARTIN WENZEL<br>Martin Wenzel             | Director                                                                               | March 19, 2012 |

Index to Financial Statements

|                                                                                                 | Page |
|-------------------------------------------------------------------------------------------------|------|
| Financial Statements:                                                                           |      |
| Report of Independent Registered Public Accounting Firm                                         | F-2  |
| Consolidated Balance Sheets as of December 31, 2011 and 2010                                    | F-3  |
| Consolidated Statements of Operations for the years ended<br>December 31, 2011 and 2010         | F-4  |
| Consolidated Statements of Changes in Deficit for the years ended<br>December 31, 2011 and 2010 | F-5  |
| Consolidated Statements of Cash Flows for the years ended<br>December 31, 2011 and 2010         | F-6  |
| Notes to Consolidated Financial Statements                                                      | F-7  |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Global Clean Energy Holdings, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in equity (deficit), and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Clean Energy Holdings, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses from current operations, used a substantial amount of cash to maintain its operations and has a large working capital deficit. As discussed in Note 2 to the financial statements, these factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah  
March 20, 2012

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

|                                             | December 31,<br>2011 | December 31,<br>2010 |
|---------------------------------------------|----------------------|----------------------|
| ASSETS                                      |                      |                      |
| <b>CURRENT ASSETS</b>                       |                      |                      |
| Cash and cash equivalents                   | \$ 676,780           | \$ 1,096,618         |
| Accounts receivable                         | 2,279                | 6,428                |
| Inventory                                   | 104,782              | 11,706               |
| Other current assets                        | 327,701              | 248,711              |
| Total Current Assets                        | 1,111,542            | 1,363,463            |
| PROPERTY AND EQUIPMENT, NET                 | 11,905,182           | 8,103,537            |
| INVESTMENT HELD FOR SALE                    | 291,031              | 292,350              |
| DEFERRED GROWING COST                       | 2,780,871            | 1,244,419            |
| OTHER NONCURRENT ASSETS                     | 10,814               | 11,243               |
| TOTAL ASSETS                                | \$ 16,099,440        | \$ 11,015,012        |
| LIABILITIES AND EQUITY (DEFICIT)            |                      |                      |
| <b>CURRENT LIABILITIES</b>                  |                      |                      |
| Accounts payable                            | \$ 1,363,217         | \$ 1,837,788         |
| Accrued payroll and payroll taxes           | 1,046,763            | 1,686,465            |
| Deferred revenue                            | 152,732              | -                    |
| Capital lease liability - current portion   | 56,257               | 47,139               |
| Notes payable to shareholders               | 26,000               | 26,000               |
| Convertible notes payable                   | 193,200              | 193,200              |
| Total Current Liabilities                   | 2,838,169            | 3,790,592            |
| <b>LONG-TERM LIABILITIES</b>                |                      |                      |
| Accrued interest payable                    | 1,684,186            | 1,154,943            |
| Accrued return on noncontrolling interest   | 2,907,678            | 1,452,744            |
| Capital lease liability - long term portion | 31,258               | 98,372               |
| Convertible notes payable                   | 567,000              | 567,000              |
| Mortgage notes payable                      | 5,110,189            | 2,793,934            |
| Total Long Term Liabilities                 | 10,300,311           | 6,066,993            |
| <b>EQUITY (DEFICIT)</b>                     |                      |                      |

|                                                                                                                                                                             |                      |                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Preferred stock - \$0.001 par value;<br>50,000,000 shares authorized<br>Series B, convertible; 13,000 shares<br>issued (aggregate liquidation<br>preference of \$1,300,000) | 13                   | 13                   |
| Common stock, \$0.001 par value;<br>500,000,000 shares authorized;<br>285,062,812 and 270,464,478 shares<br>issued and outstanding, respectively                            | 285,062              | 270,464              |
| Additional paid-in capital                                                                                                                                                  | 24,260,628           | 23,580,630           |
| Accumulated deficit                                                                                                                                                         | (26,662,294 )        | (26,933,430 )        |
| Accumulated other comprehensive loss                                                                                                                                        | (21,996 )            | (2,195 )             |
| Total Global Clean Energy Holdings,<br>Inc. Stockholders' Deficit                                                                                                           | (2,138,587 )         | (3,084,518 )         |
| Noncontrolling interests                                                                                                                                                    | 5,099,547            | 4,241,945            |
| Total equity (deficit)                                                                                                                                                      | 2,960,960            | 1,157,427            |
| <b>TOTAL LIABILITIES AND EQUITY<br/>(DEFICIT)</b>                                                                                                                           | <b>\$ 16,099,440</b> | <b>\$ 11,015,012</b> |

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

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

|                                                                                   | For the Year Ended<br>December 31, |               |
|-----------------------------------------------------------------------------------|------------------------------------|---------------|
|                                                                                   | 2011                               | 2010          |
| Revenue                                                                           | \$ 339,105                         | \$ 456,595    |
| Subsidy Income                                                                    | 938,280                            | 392,213       |
| Total Revenue                                                                     | 1,277,385                          | 848,808       |
| Operating Expenses                                                                |                                    |               |
| General and administrative                                                        | 2,087,447                          | 2,659,588     |
| Plantation operating costs                                                        | 454,947                            | 389,738       |
| Total Operating Expenses                                                          | 2,542,394                          | 3,049,326     |
| Loss from Operations                                                              | (1,265,009 )                       | (2,200,518 )  |
| Other Income (Expenses)                                                           |                                    |               |
| Interest income                                                                   | 185                                | 85            |
| Interest expense                                                                  | (608,068 )                         | (489,039 )    |
| Gain on settlement of liabilities                                                 | 1,024,076                          | 601,114       |
| Foreign currency transaction gain                                                 | 70,272                             | -             |
| Net Other Income                                                                  | 486,465                            | 112,160       |
| Loss from Continuing Operations                                                   | (778,544 )                         | (2,088,358 )  |
| Income (Loss) from Discontinued Operations                                        | (574 )                             | 31,266        |
| Net Loss                                                                          | (779,118 )                         | (2,057,092 )  |
| Less Net Loss Attributable to the<br>Noncontrolling Interest                      | 1,050,254                          | 1,431,805     |
| Net Income (Loss) attributable to Global Clean<br>Energy Holdings, Inc.           | 271,136                            | (625,287 )    |
| Other Comprehensive Income (loss) - foreign<br>currency<br>translation adjustment | (19,801 )                          | 3,913         |
| Comprehensive Income (Loss) attributable to<br>Global Clean Energy Holdings, Inc. | \$ 251,335                         | \$ (621,374 ) |

Edgar Filing: Global Clean Energy Holdings, Inc. - Form 10-K

Amounts attributable to Global Clean Energy

Holdings, Inc. common shareholders:

|                                            |            |               |
|--------------------------------------------|------------|---------------|
| Income (Loss) from Continuing Operations   | \$ 271,710 | \$ (656,553 ) |
| Income (Loss) from Discontinued Operations | (574 )     | 31,266        |
| Net Income (Loss)                          | \$ 271,136 | \$ (625,287 ) |

Basic and Diluted Loss per Common Share:

|                                            |           |              |
|--------------------------------------------|-----------|--------------|
| Income (Loss) from Continuing Operations   | \$ 0.0010 | \$ (0.0025 ) |
| Income (Loss) from Discontinued Operations | (0.0000 ) | 0.0001       |
| Net Income(Loss) per Common Share          | \$ 0.0010 | \$ (0.0024 ) |

Basic and Diluted Weighted-Average

|                    |             |             |
|--------------------|-------------|-------------|
| Common             |             |             |
| Shares Outstanding | 277,120,926 | 261,721,283 |

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

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)  
For the Years Ended December 31, 2010 and 2011

|                                                                 | Series B |        | Common stock |            | Additional    | Accumulated    | Accumulated              | Non-                  |        |
|-----------------------------------------------------------------|----------|--------|--------------|------------|---------------|----------------|--------------------------|-----------------------|--------|
|                                                                 | Shares   | Amount | Shares       | Amount     | Paid in       | Deficit        | Other Comprehensive Loss | controlling Interests | T      |
| Balance at December 31, 2009                                    | 13,000   | \$ 13  | 236,919,079  | \$ 236,919 | \$ 22,998,907 | \$(26,308,143) | \$(6,108 )               | \$ 2,485,792          | \$(59) |
| Contributions from noncontrolling interests                     | -        | -      | -            | -          | -             | -              | -                        | 3,713,530             | 3,7    |
| Issuance of common stock for cash at \$0.02 per share           | -        | -      | 25,000,000   | 25,000     | 475,000       | -              | -                        | -                     | 500    |
| Share-based compensation from issuance of options and           |          |        |              |            | 115,268       |                |                          |                       | 115    |
| Cashless Exercise of Warrants                                   | -        | -      | 8,545,399    | 8,545      | (8,545 )      | -              | -                        | -                     | -      |
| Accrual of preferential return for the noncontrolling interests |          |        |              |            |               |                |                          | (841,875 )            | (84    |
| Foreign currency translation gain                               | -        | -      | -            | -          | -             | -              | 3,913                    | 316,303               | 320    |
| Net income (loss) for the year ended December 31, 2010          | -        | -      | -            | -          | -             | (625,287 )     | -                        | (1,431,805)           | (2,0   |
| Balance at December 31, 2010                                    | 13,000   | 13     | 270,464,478  | 270,464    | 23,580,630    | (26,933,430)   | (2,195 )                 | 4,241,945             | 1,1    |
| Contributions from noncontrolling interests                     | -        | -      | -            | -          | -             | -              | -                        | 5,031,410             | 5,0    |
| Issuance of common stock for cash                               | -        | -      | 12,083,334   | 12,083     | 487,917       | -              | -                        | -                     | 500    |
| Exercise of Warrants                                            | -        | -      | 1,890,000    | 1,890      | 54,810        | -              | -                        | -                     | 56,    |
| Issuance of common stock for services                           | -        | -      | 625,000      | 625        | 12,500        | -              | -                        | -                     | 13,    |
| Share-based compensation from                                   | -        | -      | -            | -          | 124,771       | -              | -                        | -                     | 124    |

issuance of options  
and  
compensation-based  
warrants

Accrual of  
preferential return  
for the  
noncontrolling  
interests

|   |   |   |   |   |   |   |   |             |             |
|---|---|---|---|---|---|---|---|-------------|-------------|
| - | - | - | - | - | - | - | - | (1,454,934) | (1,454,934) |
|---|---|---|---|---|---|---|---|-------------|-------------|

Foreign currency  
translation loss

|   |   |   |   |   |   |   |          |             |             |
|---|---|---|---|---|---|---|----------|-------------|-------------|
| - | - | - | - | - | - | - | (19,801) | (1,668,620) | (1,688,421) |
|---|---|---|---|---|---|---|----------|-------------|-------------|

Net income (loss)  
for the year ended

|                   |   |   |   |   |   |         |   |             |           |
|-------------------|---|---|---|---|---|---------|---|-------------|-----------|
| December 31, 2011 | - | - | - | - | - | 271,136 | - | (1,050,254) | (779,118) |
|-------------------|---|---|---|---|---|---------|---|-------------|-----------|

Balance at

|                   |        |      |             |           |              |                |            |             |             |
|-------------------|--------|------|-------------|-----------|--------------|----------------|------------|-------------|-------------|
| December 31, 2011 | 13,000 | \$13 | 285,062,812 | \$285,062 | \$24,260,628 | \$(26,662,294) | \$(21,996) | \$5,099,547 | \$2,907,357 |
|-------------------|--------|------|-------------|-----------|--------------|----------------|------------|-------------|-------------|

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

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

For the Year Ended  
December 31,

|                                                                             | 2011          | 2010            |
|-----------------------------------------------------------------------------|---------------|-----------------|
| Cash Flows From Operating Activities                                        |               |                 |
| Net loss                                                                    | \$ (779,118 ) | \$ (2,057,092 ) |
| Adjustments to reconcile net loss to net cash used in operating activities: |               |                 |
| Foreign currency transaction gain                                           | (70,272 )     | -               |
| Gain on settlement of liabilities                                           | (1,024,076 )  | (601,114 )      |
| Share-based compensation                                                    | 137,271       | 115,268         |
| Depreciation                                                                | 273,321       | 243,695         |
| Loss on sale of assets                                                      | -             | 1,234           |
| Changes in operating assets and liabilities:                                |               |                 |
| Accounts receivable                                                         | 6,401         | 145,130         |
| Inventory                                                                   | (106,293 )    | (11,470 )       |
| Other current assets                                                        | (114,703 )    | (123,133 )      |
| Deferred growing costs                                                      | (1,891,166 )  | (1,219,337 )    |
| Other noncurrent assets                                                     | (13,428 )     |                 |
| Accounts payable and accrued expenses                                       | 495,883       | 854,278         |
| Deferred revenue                                                            | 152,732       | -               |
| Net Cash Used in Operating Activities                                       | (2,933,448 )  | (2,652,541 )    |
| Cash Flows From Investing Activities                                        |               |                 |
| Purchase of land                                                            | (2,322,188 )  | (722,588 )      |
| Plantation development costs                                                | (2,750,606 )  | (1,159,959 )    |
| Purchase of property and equipment                                          | (242,239 )    | (256,534 )      |
| Net Cash Used in Investing Activities                                       | (5,315,033 )  | (2,139,081 )    |
| Cash Flows From Financing Activities                                        |               |                 |
| Proceeds from issuance of common stock for cash                             | 500,000       | 500,000         |
| Proceeds from exercise of warrants                                          | 56,700        | -               |
| Proceeds from issuance of preferred membership in GCE Mexico I, LLC         | 5,031,410     | 3,713,530       |
| Proceeds from notes payable                                                 | 2,316,255     | 742,652         |
| Payments on capital leases and notes payable                                | (46,381 )     | (485,567 )      |
| Proceeds from convertible notes payable                                     | -             | 567,000         |
| Net Cash Provided by Financing Activities                                   | 7,857,984     | 5,037,615       |
| Effect of exchange rate changes on cash                                     | (29,341 )     | 17,041          |
| Net Increase (Decrease) in Cash and Cash Equivalents                        | (419,838 )    | 263,034         |

|                                                  |            |              |
|--------------------------------------------------|------------|--------------|
| Cash and Cash Equivalents at Beginning of Period | 1,096,618  | 833,584      |
| Cash and Cash Equivalents at End of Period       | \$ 676,780 | \$ 1,096,618 |

Supplemental Disclosures of Cash Flow Information:

|                        |           |            |
|------------------------|-----------|------------|
| Cash paid for interest | \$ 77,176 | \$ 168,928 |
|------------------------|-----------|------------|

Noncash Investing and Financing activities:

|                                                                      |           |         |
|----------------------------------------------------------------------|-----------|---------|
| Cashless exercise of warrants                                        | -         | 8,545   |
| Accrual of return on noncontrolling interest                         | 1,454,934 | 841,875 |
| Plantation costs financed by accounts payable                        | -         | 32,497  |
| Reclass of Technology Alternative, Ltd. to investments held for sale | -         | 292,525 |
| Equipment purchase for debt                                          | -         | 149,419 |

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

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

Note 1 – History and Basis of Presentation

History

The company was incorporated under the laws of the State of Utah on November 20, 1991. Effective as of August 6, 1992, the Company merged with and into WPI Pharmaceutical, Inc., a Utah corporation, pursuant to which WPI Pharmaceuticals, Inc. was the surviving corporation. Pursuant to the merger, the name of the surviving corporation was changed to Medical Discoveries, Inc. (“MDI”). MDI’s initial business purpose was the research and development of an anti-infection drug. In 2005, MDI acquired the assets and business associated with the SaveCream technology and carried on the research and development of this drug candidate. MDI made the decision in 2007 to discontinue further development of its drug candidates and sell the technologies.

On September 7, 2007, MDI entered into a share exchange agreement pursuant to which it acquired all of the outstanding ownership interests in Global Clean Energy Holdings, LLC, discussed further in Note 3. Global Clean Energy Holdings, LLC was an entity that had certain trade secrets, know-how, business plans, term sheets, business relationships, and other information relating to the start-up of a business related to the cultivation and production of seed oil from the seed of the *Jatropha* plant. With this transaction, MDI commenced the research and development of a business whose purpose is to provide feedstock oil intended for the production of bio-diesel.

On January 29, 2008, a meeting of shareholders was held and, among other things, the name Medical Discoveries, Inc. was changed to Global Clean Energy Holdings, Inc. (the “Company”).

Effective April 23, 2008, the Company entered into a limited liability company agreement to form GCE Mexico I, LLC (GCE Mexico) along with nine unaffiliated investors. The Company owns 50% of the common membership interest of GCE Mexico and five of the unaffiliated investors own the other 50% of the common membership interest. Additionally, a total of 1,000 preferred membership units were issued to two of the unaffiliated investors. GCE Mexico owns a 99% interest in its Mexican subsidiaries, Asideros Globales Corporativo (Asideros), Asideros 2, and Asideros 3, entities organized under the laws of Mexico, and the Company owns the remaining 1% directly. GCE Mexico was organized primarily to, among other things, acquire land in Mexico through subsidiaries for the cultivation of the *Jatropha* plant.

On July 2, 2009, the Company acquired 100% of the equity interests of Technology Alternatives, Limited (TAL), which has developed a farm in Belize for cultivation of the *Jatropha* plant. TAL has also developed a nursery capable of producing *Jatropha* seedlings and rooted cuttings, and provided technical advisory services for the propagation of the *Jatropha* plant.

In March 2010, the Company formed a wholly owned subsidiary, Global Energias Renovables (GER) which manages the company’s bio-fuels operations in Latin America.

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 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.

F-7

---

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

### 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 consolidated financial statements.

GCE MEXICO I, LLC AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

|                             | December<br>2011     | December 31,<br>2010 |
|-----------------------------|----------------------|----------------------|
| CURRENT ASSETS              | \$ 791,426           | \$ 1,136,478         |
| PROPERTY AND EQUIPMENT, NET | 11,391,682           | 7,538,994            |
| DEFERRED GROWING COST       | 2,780,871            | 1,244,419            |
| OTHER NONCURRENT ASSETS     | 7,314                | 7,743                |
| <b>TOTAL ASSETS</b>         | <b>\$ 14,971,293</b> | <b>\$ 9,927,634</b>  |
| CURRENT LIABILITIES         | \$ 456,793           | \$ 213,456           |
| LONG-TERM LIABILITIES       | 9,360,013            | 5,499,993            |
| <b>TOTAL LIABILITIES</b>    | <b>\$ 9,816,806</b>  | <b>\$ 5,713,449</b>  |

### 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.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments maturing in three months or less to be cash equivalents.

### Inventory

The company uses the LIFO valuation method for its inventories. The company records no inventories above their acquisition costs. As of December 31, 2011, there have been no losses related to the valuation of inventory. Inventory at December 31, 2011 and 2010 consists mainly of seeds held for sale, seedlings and bags held as work in process.

F-8

---

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

Concentration of Credit Risk

At December 31, 2011 and 2010, the Company had cash and cash equivalents in excess of federally-insured limits of \$5,000 and \$328,000, respectively, bank deposits in the United States, and no excess balances for bank deposits in Mexico. The Company has maintained its cash balances at what management considers to be high credit-quality financial institutions.

Property and Equipment

Substantially all property and equipment relate to plantation costs and related equipment to cultivate the *Jatropha Curcas* plant. Property and equipment are stated at cost. Depreciation of office equipment is computed using the straight-line method over estimated useful lives of 3 to 5 years. Plantation equipment is depreciated using the straight-line method over estimated useful lives of 5 to 15 years. Depreciation of plantation equipment has been capitalized as part of plantation development costs through the date that the plantation becomes commercially productive. Plantation development costs have been accumulated in the balance sheet during the development period and are being accounted for in accordance with generally accepted accounting principles for agricultural producers and agricultural cooperatives. 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 depreciated over their respective lives once they are placed in service. Land, plantation development costs, and plantation equipment are located in Mexico.

Except for costs incurred during the development period of the plantation, normal maintenance and repair items are charged to costs and expensed as incurred. During the development period, maintenance, repairs, and depreciation of plantation equipment have been capitalized as part of the plantation development costs. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in results of operations.

In accordance with generally accepted accounting principles for the impairment or disposal of long-lived assets, the carrying values of intangible assets and other long-lived assets are reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value. For the years ended December 31, 2011 and 2010, management's review of the carrying values of long-lived assets did not indicate any impairment.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and the carryforward of operating losses and tax credits, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized. Assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold based on the technical merits of the positions. Estimated interest and penalties related to uncertain tax positions are included as a component of general and

administrative expense.

F-9

---

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

Income taxes are provided for temporary differences between financial and tax bases of assets and liabilities. The following is a reconciliation of the amount of benefit that would result from applying the federal statutory rate to pretax loss with the benefit from income taxes for the years ended December 31, 2011 and 2010:

Rate Reconciliation

|                                                                | 2011         | 2010         |
|----------------------------------------------------------------|--------------|--------------|
| Federal income tax (benefit) at statutory rate (34%)           | \$ (265,000) | \$ (699,000) |
| State income tax (benefit) , net of federal benefit            | 17,000       | (31,000 )    |
| Foreign income tax benefit                                     | 8,000        | 37,000       |
| Gain on sale of SaveCream assets                               | -            | -            |
| Losses allocated to preferred members of GCE Mexico            | 356,000      | 488,000      |
| Foreign currency translation adjustment                        | -            | (13,000 )    |
| Share-based compensation                                       | 77,000       | 64,000       |
| Expiration of operating loss and research credit carryforwards | (147,000)    | 403,000      |
| Adjustment of operating loss carryforwards                     | -            | (6,000 )     |
| Other differences                                              | 3,000        | 1,000        |
| Change in valuation allowance                                  | (49,000 )    | (244,000)    |
| Income tax benefit                                             | \$ -         | \$ -         |

The components of deferred tax assets and liabilities are as follows at December 31, 2011 and 2010, using a combined deferred income tax rate of 40%:

Components of Net Deferred Taxes

|                                            | 2011         | 2010         |
|--------------------------------------------|--------------|--------------|
| Net operating loss carryforward            | \$ 7,263,000 | \$ 7,121,000 |
| Share-based compensation                   | 725,000      | 746,000      |
| Accrued compensation and other liabilities | 661,000      | 831,000      |
| Other                                      | (2,000 )     | (2,000 )     |
| Valuation allowance                        | (8,647,000)  | (8,696,000)  |
| Net deferred tax asset                     | \$ -         | \$ -         |

In as much as it is not possible to determine when or if the net operating losses will be utilized, a valuation allowance has been established to offset the benefit of the utilization of the net operating losses.

As of December 31, 2011 the Company has available net operating losses of approximately \$17,802,000 which can be utilized to offset future earnings of the Company. The utilization of the net operating losses are dependent upon the tax laws in effect at the time such losses can be utilized. The loss carryforwards expire between the years 2012 and 2031. Should the Company experience a significant change of ownership, the utilization of net operating losses could be reduced.

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

The Company and its subsidiaries file tax returns in the U.S. Federal jurisdiction and, in the state of California. The Company is no longer subject to U.S. federal tax examinations for tax years before and including December 31, 2007. The Company is no longer subject to examination by state tax authorities for tax years before and including December 31, 2006. During the years ended December 31, 2011 and 2010, the Company did not recognize interest and penalties.

#### 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.

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.

#### Research and Development

Prior to the discontinuation of its bio-pharmaceutical business, research and development had been the principal function of the Company. Research and development costs are charged to expense when incurred.

#### Foreign Currency

During 2011, the Company had operations located in the United States, Mexico and Belize. For these foreign operations, the functional currency is the local country's currency. Consequently, revenues and expenses of operations outside the United States of America are translated into U.S. dollars using weighted average exchange rates, while assets and liabilities of operations outside the United States of America are translated into U.S. dollars using exchange rates at the balance sheet date. The effects of foreign currency translation adjustments are included in equity (deficit) as a component of accumulated other comprehensive loss in the accompanying consolidated financial statements. Foreign currency transaction adjustments are included in other income (expense) in the Company's results of operations.

Certain foreign currency transactions related to the discontinued bio-pharmaceutical business are primarily undertaken in Euros. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income or loss. Consequently, certain foreign currency gains and losses have been included in income from discontinued operations.

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

F-11

---

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

### Fair Value of Financial Instruments

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

### Estimates

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

### 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 December 31, 2011 and 2010, as follows:

|                                               | December 31,<br>2011 | 2010        |
|-----------------------------------------------|----------------------|-------------|
| Convertible notes                             | 19,028,671           | 19,028,671  |
| Convertible preferred stock - Series B        | 11,818,181           | 11,818,181  |
| Warrants                                      | 24,585,662           | 26,475,662  |
| Compensation-based stock options and warrants | 74,731,483           | 69,531,483  |
|                                               | 130,163,997          | 126,853,997 |

### Stock Based Compensation

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

dividend yield of stock.

#### Subsequent Events

The Company has evaluated the accompanying financial statements for subsequent events through the date of filing this report.

F-12

---

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

Prior Period Reclassifications

Certain December 31, 2010 balances have been reclassified in the accompanying consolidated financial statements to conform to the December 31, 2011 presentation. These reclassifications had no effect on the December 31, 2010 total equity or net loss.

Recently Issued Accounting Guidelines/Statements

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. Retrospective application will be required beginning in 2012.

The Company expects to be required to include in its financial statements the statement of comprehensive income beginning in the first quarter of 2012.

In May 2011, the FASB issued authoritative guidance regarding fair value measurements. This guidance establishes common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRS"). It also clarifies the FASB's intent on the application of existing fair value measurement requirements. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011 and should be applied prospectively. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In December 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance related to balance sheet offsetting. The new guidance requires disclosures about assets and liabilities that are offset or have the potential to be offset. These disclosures are intended to address differences in the asset and liability offsetting requirements under U.S. GAAP and IFRS. This new guidance will be effective for us for interim and annual reporting periods beginning January 1, 2013, with retrospective application required. The adoption of this guidance is not expected to have a material impact on the Company's results of operations or financial position.

Note 2 – Going Concern Considerations

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying consolidated financial statements, the Company incurred a loss from continuing operations applicable to its common shareholders of \$778,544 and \$2,088,358 for the years ended December 31, 2011 and 2010, respectively, and has an accumulated deficit applicable to its common shareholders of \$26,662,294 at December 31, 2011. The Company also used cash in operating activities of \$2,933,448 and \$2,652,541 during the years ended December 31, 2011 and 2010, respectively. At December 31, 2011, the Company has negative working capital of \$1,726,627 and a stockholders' deficit attributable to its stockholders of \$2,138,587. 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 \$13,940,268 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.

F-13

---

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

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 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.

Mobius Consulting 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. The original term of the agreement was twelve months. 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 December 31, 2011 and December 31, 2010. However, the Company disputes these charges, and the additional amounts that Mobius claims that it is owed, and is currently in litigation with Mobius to resolve this liability. Mobius is related to the Company thru stock ownership.

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. This agreement was cancelled in 2009. As of December 31, 2011 and as of December 31, 2010, the Company's financial statements 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. The Lodemo Group is a shareholder of The Company.

GCE Mexico I, LLC and Subsidiaries

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

Under 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.

F-14

---

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

Our projected revenue sources are tenuous, and no assurance can be given that all anticipated revenues will, in fact, be received. At present, The Company is in discussions with certain of its existing shareholders to increase their equity investment in the Company, and we believe it is likely that the Company will be successful in raising sufficient funds to meet its operating expenses for the remainder of 2012; however no assurances can be given that this will be the case. Currently, the sole source of cash that we can classify as probable and material are reimbursement payments that we receive from additional capital contributions forecasted to be provided by the Preferred Members of GCE Mexico. These reimbursements are expected to cover approximately 25% of our corporate overhead for the remainder of 2012. Although we do not currently have any consulting agreements in place for 2012, we do expect to receive management consulting fees for Jatropha management and advisory services from third parties that enter into contracts with us in the future.

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 consolidated balance sheets includes the carrying value of the preferred membership interests and of the common membership interests owned by the Investors, and excludes any common membership interest in GCE Mexico held by the Company.

#### Note 4 - Investment Held for Sale

During 2010, the Company ceased the Technologies Alternatives, Limited ("TAL") operations. As 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 December 31, 2010 and 2011; the promissory notes are netted against the net assets. The Net Assets, measured at fair value as of December 31, 2011 were \$565,473 Belize Dollars (US \$291,031 based on exchange rates in effect at December 31, 2011).

#### Note 5 – Property and Equipment

Property and Equipment are as follows:

|                               | December 31,<br>2011 | December 31,<br>2010 |
|-------------------------------|----------------------|----------------------|
| Land                          | \$ 4,217,604         | \$ 2,435,722         |
| Plantation development costs  | 6,945,617            | 4,805,940            |
| Plantation equipment          | 1,199,503            | 1,108,467            |
| Office equipment              | 110,031              | 89,721               |
| Total cost                    | 12,472,755           | 8,439,850            |
| Less accumulated depreciation | (567,573 )           | (336,313 )           |
| Property and equipment, net   | \$ 11,905,182        | \$ 8,103,537         |

Commencing in June 2008, the Company purchased certain equipment for purposes of rapidly clearing the land, preparing the land for planting, and actually planting the Jatropha trees. The Company has capitalized farming equipment and costs related to the development of land for farm use in accordance with generally accepted accounting principles for accounting by agricultural producers and agricultural cooperatives. Plantation equipment is depreciated using the straight-line method over estimated useful lives of 5 to 15 years. Depreciation expense has been capitalized as part of plantation development costs through the date that the plantation becomes commercially productive.

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

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:

|                                                                                | December 31,<br>2011 | December 31,<br>2010 |
|--------------------------------------------------------------------------------|----------------------|----------------------|
| Accrued payroll, vacation, and related payroll taxes                           |                      |                      |
| for current officers                                                           | \$ 965,946           | \$ 1,012,176         |
| Former Chief Executive Officer, resigned 2007                                  | -                    | 570,949              |
| Other former officers and directors                                            | 77,750               | 77,750               |
| Accrued payroll taxes on accrued compensation to former officers and directors | 3,067                | 25,590               |
| Accrued payroll and payroll taxes                                              | \$ 1,046,763         | \$ 1,686,465         |

On August 31, 2007, the Company entered into a Release and Settlement Agreement with Judy Robinett, the Company's then-current Chief Executive Officer. Under the agreement, Ms. Robinett agreed to, among other things, assist the Company in the sale of its legacy assets and complete the preparation and filing of the delinquent reports to the Securities and Exchange Commission. Under the agreement, Ms. Robinett agreed to (i) forgive her potential right to receive \$1,851,805 in accrued and unpaid compensation, un-accrued and pro-rata bonuses, and severance pay and (ii) the cancellation of stock options to purchase 14,000,000 shares of common stock at an exercise price of \$0.02 per share. In consideration for her services, the forgiveness of the foregoing cash payments, the cancellation of the stock options, and settlement of other issues, the Company agreed, among other things, to pay Ms. Robinett \$500,000 upon the receipt of the cash payment under the agreement to sell the SaveCream Assets to Eucodis Pharmaceuticals Forschungs und Entwicklungs GmbH (Eucodis). Pursuant to this agreement, Ms. Robinett resigned on December 21, 2007. Despite the Company's efforts, the sale to Eucodis was never completed and Eucodis has since ceased operations. Accordingly, the conditions precedent to make the \$500,000 payment from the Eucodis proceeds described above has not been fulfilled, i.e., the Company's sale of the SaveCream Assets to Eucodis did not occur. As such the Company does not believe that Ms. Robinett is entitled to this payment and has written off all accruals related to Ms. Robinett. Furthermore, the Company subsequently sold the SaveCream Assets to an unaffiliated third party on November 16, 2009.

Note 7 – Debt

Promissory Notes

Mercator Momentum Fund III

In order to fund ongoing operations pending closing of the sale of the SaveCream Assets, the Company entered into a loan agreement with, and issued a promissory note in favor of, Mercator Momentum Fund III, L.P. (Mercator) in September 2007. This note plus \$81,909 of accrued interest was paid off in March 2010 from the proceeds of newly-issued convertible promissory notes and common stock warrants.

F-16

---

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

Notes Payable to Shareholders

The Company has notes payable to certain shareholders in the aggregate amount of \$26,000 at December 31, 2011 and December 31, 2010. The notes originated between 1997 and 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled \$46,415 and \$43,278 at December 31, 2011 and December 31, 2010, respectively.

The Company has promissory notes to the former shareholders of TAL in the amount of \$526,462 Belize dollars, (US \$270,953 based on exchange rates in effect at December 31, 2011), 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 July 15, 2011, but the due date has been extended to August 16, 2012.

Convertible Notes Payable

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

The warrants have been exercised in the year ending December 31, 2011 and the proceeds from that purchase were used for general corporate purposes. All of the proceeds from the issuance of the original debt were allocated to the Convertible Notes. The Company used substantially all of the proceeds received from the sale of the convertible promissory notes to repay, in full, an outstanding promissory note in the amount of \$475,000, plus accrued interest of \$81,909.

The Company has other convertible notes payable to certain individuals in the aggregate amount of \$193,200 at December 31, 2011 and December 31, 2010. The notes originated in 1996, bear interest at 12%, are unsecured, and are currently in default. Each \$1,000 note is convertible into 667 shares of the Company's common stock. Accrued interest on the convertible notes totaled \$318,351 and \$295,167 at December 31, 2011 and December 31, 2010, respectively.

F-17

---

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

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 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 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.

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 July 15, 2011 and have been extended until August 15, 2012.

Lease Commitment

During June 2010, the Company entered into a new two-year and two month lease agreement with average monthly payments including prescribed common area fees of \$3,400, with a 3% annual increase in lease payments. Rent expense for the year ended December 31, 2011 was \$44,958. Future minimum lease payments under operating lease obligations as of December 31, 2011 is \$28,000.



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

Plantation equipment recorded under two capital leases is included in “property and equipment” and amounted to \$77,396 at December 31, 2011 and 2010. Depreciation of the capitalized asset is computed on the straight-line basis term and is being capitalized in plantation development cost until the farm is operational. The total accumulated depreciation is \$6,105 and \$418 as of December 31, 2011 and December 31, 2010, respectively. Imputed interest on the lease is 13.25% with principal and interest due in equal monthly installments of \$1,309 each, or \$2,618 combined. The balance of the leases payable as of December 31, 2011 and 2010 was \$43,585 and \$72,725 respectively, and is due to be paid in full by October 2013.

Plantation equipment under two additional capital leases is included in “property and equipment” and amounted to \$56,383 at December 31, 2011 and 2010. Depreciation of the capitalized asset is computed on the straight-line basis over the lease term and will be capitalized in plantation development cost. The total accumulated depreciation for this asset was \$4,100 and \$0 as of December 2011 and 2010, respectively. Imputed interest on the lease is 13.25% with principal and interest due in equal monthly installments of \$953 each, or \$1,906 combined. The balance of the leases payable as of December 31, 2011 and 2010 was \$34,091 and \$55,098, respectively, and is due to be paid in full by December 2013.

Transportation equipment recorded under a capital lease is included in “property and equipment” and amounted to \$19,095 at December 31, 2011 and 2010. Depreciation of the capitalized asset is computed on the straight-line basis over the lease term and is included in depreciation expense. Accumulated depreciation expense totals \$5,083 and \$1,436 as of December 31, 2011 and 2010, respectively. Imputed interest on the lease is 14.50%, with principal and interest due in monthly installments of \$784. The balance of the lease payable as of December 31, 2011 and 2010, was \$9,839 and \$17,688, respectively, and is due to be paid in full in 30 equal monthly installments, or by March 2013.

Future minimum lease payments under capital lease obligations as of December 31, 2011 were as follows:

|                                      |           |
|--------------------------------------|-----------|
| Year Ending<br>December 31,          |           |
| 2012                                 | \$ 56,680 |
| 2013                                 | 44,292    |
|                                      | 100,972   |
| Less amount<br>representing interest | (13,457 ) |
| Capital Lease Payable                | \$ 87,515 |
| Less Current portion                 | (56,257 ) |
| Long Term Capital<br>Lease Liability | \$ 31,258 |

#### 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 years ended December 31, 2011 and December 31, 2010 was \$1,024,076 and \$601,114, respectively. 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 related to the statute of limitations. Accordingly, the Company removed the liabilities from the records and recorded a corresponding gain on settlement of liabilities.

F-19

---

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

Note 8 – Equity (Deficit)

Common Stock

On March 30, 2010 the Company entered into a stock purchase agreement whereby the Company agreed to issue and sell 25,000,000 shares of the Company's common stock at a price of \$0.02 per share, for an aggregate purchase price of \$500,000, which was paid in cash.

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 July, 2011 the Company entered into a stock purchase agreement whereby the Company issued 10,000,000 shares of the Company's common stock at a price of \$0.04 per share, for an aggregate purchase price of \$400,000, which was paid in cash.

In August, 2011, the Company entered into a stock purchase agreement whereby the Company issued 2,083,334 shares of the Company's common stock at a price of \$0.048 per share, for an aggregate purchase price of \$100,000, which was paid in cash.

On July, 2011, the Company entered into a stock purchase agreement whereby the Company issued 625,000 shares of the Company's common stock for services rendered.

Series B Preferred Stock

In order to obtain additional working capital, on November 6, 2007, the Company entered into a Securities Purchase Agreement with two accredited investors, pursuant to which the Company sold a total of 13,000 shares of our newly authorized Series B Convertible Preferred Stock ("Series B Shares") for an aggregate purchase price of \$1,300,000, less offering costs of \$9,265. Each share of the Series B Shares has a stated value of \$100.

The Series B Shares may, at the option of each holder, be converted at any time or from time to time into shares of the Company's common stock at the conversion price then in effect. The number of shares into which one Series B Share shall be convertible is determined by dividing \$100 per share by the conversion price then in effect. The initial conversion price per share for the Series B Shares is \$0.11, which is subject to adjustment for certain events, including stock splits, stock dividends, combinations, or other recapitalizations affecting the Series B Shares.

Each holder of Series B Shares is entitled to the number of votes equal to the number of shares of the Company's common stock into which the Series B Shares could be converted on the record date for such vote, and has voting rights and powers equal to the voting rights and powers of the holders of the Company's common stock. In the event of the Company's dissolution or winding up, each share of the Series B Shares is entitled to be paid an amount equal to \$100 (plus any declared and unpaid dividends) out of the assets of the Company then available for distribution to

shareholders.

No dividends are required to be paid to holders of the Series B shares. However, the Company may not declare, pay or set aside any dividends on shares of any class or series of the Company's capital stock (other than dividends on shares of our common stock payable in shares of common stock) unless the holders of the Series B shares shall first receive, or simultaneously receive, an equal dividend on each outstanding share of Series B shares.

F-20

---

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

Note 9 – Stock Options and Warrants

Stock Options and Compensation-Based Warrants

The Company has three incentive stock option plans wherein 44,000,000 shares of the Company's common stock are reserved for issuance there under. The Company granted stock options during the year ended December 31, 2010 to acquire 12,000,000 shares of the Company's common stock to the Company's Chief Executive Officer. During the year ended December 31, 2010, the Company also issued compensation-based warrants to purchase 250,000 shares of common stock to a law firm. Effective April 1, 2010, the Company appointed Martin Wenzel to its board of directors. Mr. Wenzel was granted an option to purchase 500,000 shares of the Company's common stock at an exercise price of \$0.01 per share. The option vests over ten equal monthly installments commencing May 1, 2010 and expires on April 1, 2015.

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.

On July 1, 2010, the Company granted stock options to acquire 1,000,000 shares of the Company's common stock to non-employee directors. These options are exercisable at \$0.04 per share, vest monthly over ten months starting August 1, 2010, and expire June 30, 2015.

On August 17, 2010, the Board of Directors approved the adoption of the 2010 Stock Incentive Plan, and directed management to issue 900,000 share options to certain consultants in the United States and certain employees in Mexico. These options shall vest over the next 12 to 24 months and have an exercise price of \$0.04 per share.

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 consolidated balance sheet.

A summary of the status of options and compensation-based warrants at December 31, 2011 and 2010, and changes during the years then ended is presented in the following table:

F-21

---

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

|                                  | Shares<br>Under<br>Option | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|----------------------------------|---------------------------|------------------------------------------|---------------------------------------------------------|---------------------------------|
| Outstanding at December 31, 2009 | 61,209,083                | \$ 0.03                                  |                                                         |                                 |
| Granted                          | 14,650,000                | 0.02                                     |                                                         |                                 |
| Exercised                        | (5,827,600 )              | 0.01                                     |                                                         | \$ 268,070                      |
| Expired                          | (500,000 )                | 0.25                                     |                                                         |                                 |
| Outstanding at December 31, 2010 | 69,531,483                | 0.03                                     | 5.1 years                                               | \$ 450,970                      |
| Granted                          | 7,350,000                 | 0.04                                     |                                                         | -                               |
| Exercised                        | -                         | -                                        |                                                         | -                               |
| Expired                          | (2,150,000 )              | 0.06                                     |                                                         | -                               |
| Outstanding at December 31, 2011 | 74,731,483                | 0.03                                     | 4.7 years                                               | \$ 192,033                      |
| Exercisable at December 31, 2011 | 55,181,483                | \$ 0.03                                  | 3.2 years                                               | \$ 178,226                      |

At December 31, 2011, 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. 7,350,000 options were issued in the year ended December 31, 2011 and 14,650,000 options and 1,890,000 warrants were issued in the twelve-month period ended December 31, 2010. The weighted-average assumptions used for the stock options granted and compensation-based warrants issued during the year ended December 31, 2011 were risk-free interest rate of 2.0%, volatility of 154%, expected life of 5.0 years, and dividend yield of zero. The assumptions employed in the Black-Scholes option pricing model include the following; 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 December 31, 2011 closing price of \$0.022 per share.

Share-based compensation from all sources recorded during the year ended December 31, 2011 and 2010 was \$137,271 and \$115,268, respectively, and is reported as general and administrative expense in the accompanying consolidated statements of operations. As of December 31, 2011, there is approximately \$191,841 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 1.23 years.

#### Stock Warrants

A summary of the status of the warrants outstanding at December 31, 2011 and 2010, and changes during the years then ended is presented in the following table:

F-22

---

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

|                                     | Shares<br>Under<br>Warrant | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Life | Aggregate<br>Intrinsic<br>Value |
|-------------------------------------|----------------------------|------------------------------------------|---------------------------------------------------------|---------------------------------|
| Outstanding at December 31,<br>2009 | 29,742,552                 | \$ 0.01                                  |                                                         |                                 |
| Issued                              | 1,890,000                  | \$ 0.03                                  |                                                         |                                 |
| Exercised                           | (4,575,495 )               | \$ 0.01                                  |                                                         | \$ 210,473                      |
| Expired                             | (581,395 )                 | \$ 0.13                                  |                                                         |                                 |
| Outstanding at December 31,<br>2010 | 26,475,662                 | 0.01                                     | 2.75 years                                              | \$ 274,530                      |
| Issued                              | -                          |                                          |                                                         |                                 |
| Exercised                           | (1,890,000 )               | \$ 0.03                                  |                                                         | \$ 18,900                       |
| Expired                             | -                          |                                          |                                                         |                                 |
| Outstanding at December 31,<br>2011 | 24,585,662                 | \$ 0.01                                  | 1.75 years                                              | \$ 457,550                      |

Because the Company has net operating loss carryforwards available for income tax purposes, there were no excess tax benefits charged to additional paid-in capital as a result of warrants exercised during the years ended December 31, 2011 and 2010.

## EMPLOYMENT AGREEMENTS

### Palmer Employment Agreement

Effective September 1, 2007, the Company entered into an employment agreement with Richard Palmer pursuant to which the Company hired Mr. Palmer to serve as its President and Chief Operating Officer. Mr. Palmer was also appointed to serve as a director on the Company's Board of Directors to serve until the next election of directors by the Company's shareholders. Upon the resignation of the former Chief Executive Officer on December 21, 2007, Mr. Palmer also became the Company's Chief Executive Officer. The Company hired Mr. Palmer to take advantage of his experience and expertise in the feedstock/bio-diesel industry, and in particular, in the Jatropha bio-diesel and feedstock business. The term of employment currently expires on September 30, 2012.

Mr. Palmer's compensation package includes an annual base salary of \$250,000, subject to annual increases based on changes in the Consumer Price Index, and a bonus payment based on Mr. Palmer's satisfaction of certain performance criteria established by the compensation committee of the Company's Board of Directors. The bonus amount in any fiscal year will not exceed 100% of Mr. Palmer's base salary.

### Cardenas Employment Agreement

On November 16, 2011 the Company entered into an employment agreement with Gregory Cardenas pursuant to which the Company hired Mr. Cardenas to serve as its Chief Financial Officer. The initial term of employment expired on November 16, 2014, but, according to its terms, automatically renews for successive one-year periods unless otherwise terminated in accordance with the employment agreement.

Mr. Cardenas's compensation package includes a base salary of \$175,000, subject to annual increases based on the Consumer Price Index for the immediately preceding 12-month period, and a bonus payment based on Mr. Cardenas's satisfaction of certain performance criteria established by the compensation committee of the Company's Board of Directors. The bonus amount in any fiscal year will not exceed 100% of Mr. Cardenas's base salary. Mr. Cardenas is eligible to participate in the Company's employee stock option plan and other benefit plans.

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

The Company granted Mr. Cardenas an option (the Initial Option) to acquire up to 2,000,000 shares of the Company's common stock at an exercise price of \$0.037. The Initial Option had 500,000 shares vest immediately. The remaining 1,500,000 vests in 30 equal successive monthly installments beginning on May 31, 2012. The Initial Option expires after 10 years. The Company also granted Mr. Cardenas an option (the Performance Option) to acquire up to 3,000,000 shares of the Company's common stock at an exercise price of \$0.037, subject to the Company's achievement of certain market capitalization goals. The Performance Option expires after three years.

The Company has accounted for the options under Mr. Cardenas's employment agreement as share-based compensation. The Company valued these options at \$185,000 using the Black-Scholes pricing model. The weighted average fair value of the stock options was \$0.037 per share. The weighted-average assumptions used for the calculation of fair value were risk-free rate of 1.90%, volatility of 158%, expected life of 6 years, and dividend yield of zero. The Company amortized this compensation over the vesting period for the Initial Option and over the period of time in which the satisfaction of market capitalization milestones for the Performance Option was expected to be fulfilled that would result in the vesting of these stock options.

Note 10 - Discontinued Operations

For the year ended December 31, 2011 and year ended December 31, 2010, Income from Discontinued Operations consists of the foreign currency transaction gains related to current liabilities associated with the discontinued operations that are denominated in Euros.

Note 11 – Related parties

During the year ended December 31, 2011, the Company paid \$42,472 in legal fees to a law firm related to the Chief Executive Officer.

