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**As filed with the Securities and Exchange Commission on July 27, 2011**

**Commission File No. 333-**

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM S-3

# REGISTRATION STATEMENT

***UNDER***

***THE SECURITIES ACT OF 1933***

# Hill International, Inc.

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware** | **20-0953973** |
| **(State or other jurisdiction of** | **(I.R.S. Employer** |

| | |
|---|---|
| **incorporation or organization)** | **Identification No.)** |

**303 Lippincott Centre**

**Marlton, New Jersey 08053**

**(856) 810-6200**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)**

**Irvin E. Richter**

**Chairman and Chief Executive Officer**

**Hill International, Inc.**

**303 Lippincott Centre**

**Marlon, New Jersey 08053**

**(856) 810-6200**

**(Name, Address, Including Zip Code and Telephone Number, Including Area Code, of Agent for Service)**

***Copies to:***

**Richard A. Silfen, Esq.**

**Duane Morris LLP**

**30 South 17th Street**

**Philadelphia, PA 19103**

**(215) 979-1000**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ¨

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

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

| | | | |
|---|---|---|---|
| Large Accelerated Filer | ¨ | Accelerated Filer | x |
| Non-Accelerated Filer | ¨ | Smaller reporting company | ¨ |

**CALCULATION OF REGISTRATION FEE**

| **Title of each class of securities to be registered** | **Amount to be registered (1)** | **Proposed maximum offering price per unit (2)** | **Proposed maximum aggregate offering price (2)** | **Amount of registration fee** |
|---|---|---|---|---|
| Common Stock, $0.0001 par value | 20,000,000 | $5.98 | $119,600,000 | $13,885.56 |

(1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this Registration Statement shall also cover any additional shares of Registrant s common stock that become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without receipt of consideration.

(2) Estimated solely for purposes of calculation of the registration fee in accordance with Rule 457(c) of the Securities Act of 1933, as amended. The price per share of common stock is based on the average of the high and low prices of Registrant s common stock on July 22, 2011 as reported on the New York Stock Exchange.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to Completion, Dated July 27, 2011**

**PROSPECTUS**

# 20,000,000 Shares

# HILL INTERNATIONAL, INC.

## Common Stock

From time to time in one or more offerings we may offer and sell up to 20,000,000 shares of common stock at prices and on terms described in one or more supplements to this prospectus, to be determined at or prior to the time of sale.

This prospectus describes some of the general terms that may apply to an offering of shares of our common stock and the general manner in which they may be offered. The specific terms and any other information relating to a specific offering including the specific manner in which the securities may be offered, will be set forth in a supplement to this prospectus. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and each applicable prospectus supplement carefully before you invest, as well as the documents incorporated by reference in this prospectus and the applicable prospectus supplement.

Our common stock is listed for trading on the New York Stock Exchange under the trading symbol HIL. On July 22, 2011, the last reported sale price of our common stock on the New York Stock Exchange was $6.05 per share.

We may offer and sell shares of common stock to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. See Plan of Distribution. Each prospectus supplement will provide the amount, price and terms of the plan of distribution relating to the shares of common stock to be sold pursuant to such prospectus supplement. We will set forth the names of any underwriters, dealers or agents in the accompanying prospectus supplement, as well as the net proceeds we expect to receive from such sale.

**Investing in shares of our common stock involves risks. You should review carefully the risks and uncertainties described under the heading Risk Factors contained in the applicable prospectus supplement we have authorized for use in connection with a specific offering, and under similar headings in the documents that are incorporated by reference into this prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is , 2011.**

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the United States Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf registration process, we may, from time to time, offer and sell up to 20,000,000 shares of our common stock in one or more offerings.

This prospectus provides you with a general description of the shares of common stock offered by us. Each time we sell shares of common stock, we will provide a prospectus supplement, information that is incorporated by reference into this prospectus, or other offering material that will contain specific information about the terms of that offering. The prospectus supplement and any other offering material may also add to, update or change information contained in the prospectus or in documents we have incorporated by reference into this prospectus and, accordingly, to the extent inconsistent, information in or incorporated by reference in this prospectus is superseded by the information in the prospectus supplement and any other offering material related to such common stock.

The prospectus supplement to be attached to the front of this prospectus may describe, as applicable:

- The number of shares of common stock that we propose to sell;
- The public offering price per share of the common stock;
- The names of any underwriters, agents or dealers through or to which the shares of the common stock will be sold;
- Any compensation to those underwriters, agents or dealers;
- Any additional risk factors applicable to the shares of our common stock or our business and operations; and
- Any other material information about the offering and sale of the shares of common stock.

You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, the applicable prospectus supplement and any other offering material, before making an investment decision.

In this prospectus, references to Company, we, us, our, registrant and Hill refer to Hill International, Inc., a corporation organized under t of the State of Delaware, and its consolidated subsidiaries.

You should rely only on the information contained or incorporated by reference in this prospectus, any prospectus supplement and any other offering material. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should not assume that the information appearing in this prospectus, any prospectus supplement, any other offering material or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates, regardless of the time of delivery of this prospectus, any prospectus supplement, any other offering material or any sale of shares of common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

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## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the following location of the SEC:

Public Reference Room

100 F Street, N.E., Room 1580

Washington, D.C. 20549

You may obtain information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy and information statements and other information that we electronically file with the SEC, which you can access over the Internet at www.sec.gov. You can also obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

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## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. Any information referenced this way is considered to be part of this prospectus, and any information that we file later with the SEC will automatically update and, where applicable, supersede this information. We incorporate by reference the following documents that we have filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC s rules):

(a) Our Annual Report on Form 10-K for the year ended December 31, 2010;

(b) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011;

(c) Our Current Report on Form 8-K filed on June 8, 2011; and

(d) Our Current Report on Form 8-K filed on July 7, 2011.

We also incorporate by reference any future filings we make with the SEC (other than information furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or as otherwise permitted by the SEC s rules) under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), until we have sold all of the shares of common stock to which this prospectus relates or the offering is otherwise terminated.

This prospectus is part of a registration statement on Form S-3 we have filed with the SEC relating to the shares of common stock. As permitted by SEC rules, this prospectus does not contain all of the information included in the registration statement and the accompanying exhibits and schedules we file with the SEC. We have filed or incorporated by reference certain legal documents that control the terms of the shares of common stock offered by this prospectus as exhibits to the registration statement. We may file certain other legal documents that control the terms of the shares of common stock offered by this prospectus as exhibits to reports we file with the SEC. You may refer to the registration statement and the exhibits and schedules for more information about us and our common stock. The registration statement and exhibits and schedules are also available at the SEC s Public Reference Room or through its website.

You may obtain a copy of these filings, at no cost, by writing or telephoning us at the following address or telephone number:

William H. Dengler, Jr.

Senior Vice President, General Counsel and Secretary

Hill International, Inc.

303 Lippincott Centre

Marlton, NJ 08053

Telephone: (856) 810-6200

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference.

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### DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus, any prospectus supplement, any other offering material and any documents we incorporate by reference in this prospectus are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Exchange Act. The Private Securities Litigation Reform Act of 1995 provides certain safe harbor provisions for forward-looking statements. All forward-looking statements made in this prospectus, any prospectus supplement, any other offering material and any documents we incorporate by reference are made pursuant to the Private Securities Litigation Reform Act. Except for historical information contained in this prospectus, the matters set forth herein are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties. Although we believe that the expectations, estimates and assumptions reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. You can identify forward-looking statements by the use of terminology such as may, will, anticipate, believe, estimate, expect, future, intend, plan, could, should, potential or co other variations thereof, as well as other statements regarding matters that are not historical fact.

Those forward-looking statements may concern, among other things:

- The markets for our services;
- Projections of revenues and earnings, anticipated contractual obligations, capital expenditures, funding requirements, possible transactional synergies or other benefits or other financial items;
- Statements concerning our plans, strategies and objectives for future operations or our ability to consummate particular transactions; and
- Statements regarding future economic conditions or performance.

Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include:

- Modifications and termination of client contracts;
- Control and operational issues pertaining to business activities that we conduct pursuant to joint ventures with other parties;
- Difficulties we may incur in implementing our acquisition strategy and specific issues we encounter as we seek to consummate particular acquisitions;
- The need or ability to retain and recruit key technical and management personnel; and
- Unexpected adjustments and cancellations related to our backlog or other measures, including those relating to acquisitions and potential acquisitions.

Other factors that may affect our businesses, financial position or results of operations include:

Special risks of international operations, including uncertain political and economic environments, acts of terrorism or war, potential incompatibilities with foreign joint venture partners, foreign currency fluctuations, civil disturbances and labor issues; and

Special risks of contracts with governmental entities, including the failure of applicable governing authorities to take necessary actions to secure or maintain funding for particular projects with us, the unilateral termination of contracts by the government and reimbursement obligations to the government for funds previously received.

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Other factors that could cause our actual results, performance or achievements to differ materially from that contemplated by forward-looking statements are discussed under the heading Risk Factors and in other sections of our Annual Report on Form 10-K for the year ended December 31, 2010, as well as in our other reports filed from time to time with the SEC that are incorporated by reference into this prospectus and in the applicable prospectus supplement.

**BECAUSE THE RISK FACTORS REFERRED TO ABOVE COULD CAUSE ACTUAL RESULTS OR OUTCOMES TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN ANY FORWARD-LOOKING STATEMENTS MADE BY US OR ON OUR BEHALF, YOU SHOULD NOT PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAWS AND REGULATIONS, HILL UNDERTAKES NO OBLIGATIONS TO UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF THIS PROSPECTUS OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO US OR PERSONS ACTING ON OUR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED THROUGHOUT THIS PROSPECTUS OR IN ANY PROSPECTUS SUPPLEMENT OR IN THE INFORMATION INCORPORATED BY REFERENCE HEREIN OR THEREIN.**

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## THE COMPANY

Our company was incorporated in Delaware in 2004 as Arpeggio Acquisition Corporation ( Arpeggio ), a specified purpose acquisition corporation. On June 28, 2006, Hill International, Inc. ( Old Hill ), a Delaware corporation, merged into Arpeggio, which was the surviving entity of the merger. Old Hill was founded in 1976 by Irvin E. Richter, our current Chairman and Chief Executive Officer. Immediately following the merger, the stockholders of Old Hill owned approximately 63.6% of the total voting power of Arpeggio. After the merger, Arpeggio changed its name to Hill International, Inc.

We currently provide project management and construction claims services to clients worldwide, but primarily in the United States, Latin America, Europe, the Middle East, North Africa, Asia and Australia. Our clients include the United States and other national governments and their agencies, state and local governments and their agencies and the private sector. We are organized into two key operating segments: the Project Management Group and the Construction Claims Group.

In our Project Management Group, we provide construction management services which include program management, project management, construction management, project management oversight, troubled project turnaround, staff augmentation, estimating and cost management, project labor agreements and management consulting. In our Construction Claims Group, we advise clients in order to assist them in preventing or resolving claims and disputes based upon schedule delays, cost overruns and other problems on major construction projects worldwide.

We are one of the leading firms in the world in both the project management and construction claims consulting businesses. We are a global company with approximately 3,000 personnel operating out of nearly 100 offices in more than 30 countries.

Our executive office is located at 303 Lippincott Centre, Marlton, New Jersey 08053. We maintain a website at www.hillintl.com. The information contained on our website is not a part of, and is not incorporated by reference into, this prospectus. The telephone number at our executive office is (856) 810-6200.

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## RISK FACTORS

Investing in shares of our common stock involves risk. Before making an investment decision, you should carefully consider the risks described under Risk Factors in the applicable prospectus supplement or other offering material and in our most recent Annual Report on Form 10-K, or any updates in our Quarterly Reports on Form 10-Q, together with all of the other information appearing in or incorporated by reference into this prospectus and any applicable prospectus supplement, in light of your particular investment objectives and financial circumstances. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our shares of common stock could decline due to any of these or other risks, and you may lose all or part of your investment. For more information, see Where You Can Find More Information.

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## USE OF PROCEEDS

Unless indicated otherwise in the applicable prospectus supplement, we expect to use the net proceeds from the sale of shares of our common stock for our operations and for other general corporate purposes, including, but not limited to, capital expenditures, repayment or refinancing of borrowings, working capital, investments and acquisitions. We have not allocated any portion of the net proceeds for any particular use at this time. Pending such uses, we may invest the net proceeds in demand deposits, money market accounts or short-term, investment-grade, interest-bearing securities or guaranteed obligations of the United States government or other securities. Additional information on the use of net proceeds from the sale of securities offered by this prospectus may be set forth in the applicable prospectus supplement or other offering material relating to such offering. If net proceeds from a specific offering will be used to repay indebtedness, the applicable prospectus supplement or other offering material will describe the relevant terms of the debt to be repaid.

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## DESCRIPTION OF CAPITAL STOCK

Our certificate of incorporation authorizes the issuance of 75,000,000 shares of common stock, par value $0.0001, and 1,000,000 shares of preferred stock, par value $0.0001. As of June 30, 2011, 38,493,703 shares of common stock were outstanding and no shares of preferred stock were outstanding.

### Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders. Our board of directors is divided into three classes, each of which will serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors. Subject to the rights and preferences of any preferred stock which may be outstanding in the future, the holders of our common stock are entitled to equal dividends and distributions per share with respect to the common stock when and if declared by our board of directors from funds legally available therefor. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to the liquidation preferences of any preferred stock then outstanding. All shares of common stock now outstanding are fully paid, validly issued and non-assessable. Holders of our common stock do not have any conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock.

### Preferred Stock

Our certificate of incorporation authorizes the issuance of 1,000,000 shares of a blank check preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock. We may issue some or all of the preferred stock to effect a business combination or other acquisition transaction. In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of the Company. The number of authorized shares of preferred stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class, without a separate vote of the holders of the preferred stock, or any series thereof, unless a vote of any such holders is required pursuant to any preferred stock designation. There are no shares of preferred stock outstanding and we do not currently intend to issue any preferred stock.

### Anti-Takeover Provisions

#### *Delaware Law*

We are subject to Section 203 of the Delaware General Corporation Law regulating corporate takeovers, which prohibits a Delaware corporation from engaging in any business combination with an interested stockholder during the three-year period after such stockholder becomes an interested stockholder, unless:

- Prior to such time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- The interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers, and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

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- On or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise specified in Section 203, an interested stockholder is defined to include:

- Any person that is the owner of 15% or more of the outstanding voting securities of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and

- The affiliates and associates of any such person.

***Certificate of Incorporation and Bylaws***

Our amended and restated certificate of incorporation, or our certificate of incorporation, and amended and restated bylaws, or our bylaws, include provisions that:

- Our board of directors is expressly authorized to make, alter or repeal our bylaws;

- Our board of directors is divided into three classes of service with staggered three-year terms. This means that only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective terms;

- Our board of directors is authorized to issue preferred stock without stockholder approval;

- Only our board of directors, Chairman of the Board, our Chief Executive Officer or the holders of a majority in amount of our capital stock issued and outstanding and entitled to vote may call a special meeting of stockholders; this means that minority stockholders cannot force stockholder consideration of a proposal, including a proposal to replace our board of directors, by calling a special meeting of stockholders prior to such time authorized by our board of directors, Chairman of the Board, our Chief Executive Officer or the holders of a majority in amount of our capital stock issued and outstanding and entitled to vote;

- Our bylaws require advance notice for stockholder proposals and director nominations;

- Our bylaws limit the removal of directors and the filling of director vacancies; and

- We will indemnify officers and directors against losses that may incur in connection with investigations and legal proceedings resulting from their services to us, which may include services in connection with takeover defense measures.

These provisions may make it more difficult for stockholders to take specific corporate actions and could have the effect of delaying or preventing a change in control of our company.

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## PLAN OF DISTRIBUTION

We may sell the shares of common stock from time to time in one or more transactions through underwriters or dealers, through agents, or directly to one or more purchasers, in private transactions, at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices. We will describe the method of distribution and the terms of the offering of the shares of common stock in a prospectus supplement, information incorporated by reference or other offering material, including:

- the name or names of the underwriters, if any;
- the purchase price of the shares of common stock and the proceeds we will receive from the sale;
- any underwriting discounts and other items constituting underwriters compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchange or market on which the common stock may be listed.

Only underwriters we name in the prospectus supplement, information incorporated by reference or other offering material are underwriters of the shares of our common stock offered thereby.

If we use underwriters in the sale, they will acquire the shares of our common stock for their own account and may resell them from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase shares of our common stock will be subject to the conditions set forth in the applicable underwriting agreement. We may offer the shares of our common stock to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. Subject to certain conditions, the underwriters will be obligated to purchase all the shares of our common stock offered by the prospectus supplement, information incorporated by reference or other offering material. In connection with the sale of shares of our common stock, underwriters may receive compensation from us or from purchasers of shares of our common stock for whom they may act as agents. This compensation may be in the form of discounts, concessions or commissions.

Underwriters may sell shares of our common stock to or through dealers, and these dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of shares of our common stock could be considered underwriters, and any discounts or commissions received by them from us and any profit on the resale of shares of our common stock by them could be considered underwriting discounts and commissions, under the Securities Act. Any public offering price and any discounts or concessions allowed or reallowed or paid to dealers may change from time to time.

If we sell shares of our common stock to a dealer, we will sell the shares of our common stock to the dealer, as principal. The name of the dealer and the terms of the transaction will be set forth in the prospectus supplement, information incorporated by reference or other offering material. The dealer may then resell the shares of our common stock to the public at varying prices to be determined by the dealer at the time of resale.

We may sell shares of our common stock directly or through agents we designate from time to time. We will name any agent involved in the offering and sale of shares of our common stock, and we will describe any commissions we will pay the agent, in the prospectus supplement, information incorporated by reference or other offering material. Unless the prospectus supplement states otherwise, our agent will act on a best-efforts basis for the period of its appointment.

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Under agreements entered into by us for the purchase or sale of shares of our common stock, underwriters, dealers and agents may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which they may be required to make in respect thereof. Underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

Offers to purchase shares of our common stock may be solicited, and sales thereof may be made, by us directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resales of those shares of our common stock. The terms of any such offer will be set forth in the prospectus supplement, information incorporated by reference or other offering material.

If we offer shares of our common stock in a subscription rights offering to our existing security holders, we may enter into a standby underwriting agreement with dealers, acting as standby underwriters. We may pay the standby underwriters a commitment fee for the shares of our common stock they commit to purchase on a standby basis. If we do not enter into a standby underwriting arrangement, we may retain a dealer-manager to manage a subscription rights offering for us.

If so indicated in the prospectus supplement, we will authorize the underwriters or other persons acting as our agents to solicit offers by certain institutional investors to purchase shares of our common stock from us under contracts requiring payment and delivery on a future date. The obligations of any purchaser under these contracts will be subject to the condition that the purchase of the offered shares of our common stock shall not at the time of delivery be prohibited under the laws of the jurisdiction to which that purchaser is subject. The underwriters and other agents will not have any responsibility in respect of the validity or performance of these contracts.

To the extent that we make sales to or through one or more underwriters or agents in at-the-market offerings, we may do so pursuant to the terms of a distribution agreement between us and the underwriters or agents. If we engage in at-the-market sales pursuant to a distribution agreement, we will issue and sell shares of our common stock to or through one or more underwriters or agents, which may act on an agency basis or on a principal basis. During the term of any such agreement, we may sell shares on a daily basis in exchange transactions or otherwise as we may agree with the underwriters or agents. The distribution agreement will provide that any shares of our common stock sold will be sold at prices related to the then prevailing market prices for our common stock. Therefore, exact figures regarding proceeds that will be raised or commissions to be paid cannot be determined at this time and will be described in a prospectus supplement. Pursuant to the terms of the distribution agreement, we also may agree to sell, and the relevant underwriters or agents may agree to solicit offers to purchase, blocks of our common stock. The terms of each such distribution agreement will be set forth in more detail in a prospectus supplement to this prospectus. In the event that any underwriter or agent acts as principal, or broker-dealer acts as underwriter, it may engage in certain transactions that stabilize, maintain or otherwise affect the price of our common stock. We will describe any such activities in the prospectus supplement relating to the transaction.

In connection with an offering, the underwriters may purchase and sell securities in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares of our common stock than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased shares of our common stock sold by or for the account of that underwriter in stabilizing or short-covering transactions.

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These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the shares of our common stock. As a result, the price of the shares of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the shares of our common stock are listed on that exchange or admitted for trading on that automated quotation system, or in the over-the-counter market or otherwise.

In compliance with guidelines of the Financial Industry Regulatory Authority, or FINRA, the maximum consideration or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus and any applicable prospectus supplement.

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## LEGAL MATTERS

Unless otherwise specified in the applicable prospectus supplement, the validity of any shares of our common stock issued hereunder will be passed upon for our company by Duane Morris LLP, Philadelphia, Pennsylvania, and for any underwriters or agents by counsel named in the applicable prospectus supplement.

## EXPERTS

The consolidated financial statements of Hill International, Inc. at December 31, 2009 and for each of the years in the two-year period ended December 31, 2009 have been audited by Amper, Politziner & Mattia, LLP, independent registered public accounting firm, as set forth in their report incorporated by reference herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

On August 16, 2010, we were notified that Amper, Politziner & Mattia, LLP combined its practice with that of Eisner LLP and the name of the combined practice operates under the name EisnerAmper LLP and that Amper, Politziner & Mattia, LLP resigned as our independent registered public accounting firm. At that time, EisnerAmper LLP was appointed as our new independent registered public accounting firm. The consolidated financial statements of Hill International, Inc. at December 31, 2010 and for the year ended December 31, 2010 have been audited by EisnerAmper LLP, independent registered public accounting firm, as set forth in their report incorporated by reference herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Stanley Baker Hill, LLC at December 31, 2009 and for the year then ended have been audited by Schneider Downs & Co., Inc., independent registered public accounting firm, as set forth in their report incorporated by reference herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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**PART II**

**Information Not Required in Prospectus**

**Item 14**. ***Other Expenses of Issuance and Distribution***

The following is a statement of the estimated expenses (other than underwriting discounts and commissions) to be incurred by Hill International, Inc. in connection with the issuance and distribution of the securities registered under this registration statement.

| | |
|---|---|
| SEC registration fee | $ 13,886.56 |
| Accounting fees and expenses | 5,000.00* |
| Legal fees and expenses | 7,500.00* |
| Printing and engraving fees | 2,500.00* |
| Transfer Agent s fees and expenses | 3,000.00* |
| Miscellaneous fees and expenses | 5,000.00* |
| Total | $ 36,886.56* |

* Does not include the expense of preparing prospectus supplements and other expenses relating to offerings of common stock.

**Item 15.** ***Indemnification of Directors and Officers***

Our certificate of incorporation provides that the Company, to the full extent permitted by Section 145 of the Delaware General Corporation Law, as amended from time to time, shall indemnify all persons whom it may indemnify pursuant thereto. It further provides that expenses (including attorneys fees) incurred by an officer or director in defending any civil, criminal, administrative, or investigative action, suit or proceeding for which such officer or director may be entitled to indemnification hereunder shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized thereby.

Our bylaws provide the Company with the power to indemnify its officers, directors, employees and agents or any person serving at the Company s request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise to the fullest extent permitted by Delaware law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the Company s directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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**Item 16.** ***Exhibits***

| | |
|---|---|
| 4.1 | Amended and Restated Certificate of Incorporation of the Company (previously filed with the SEC as Annex B to the Company s Definitive Proxy Statement on Schedule 14A (000-50781) on June 6, 2006 and incorporated herein by reference). |
| 4.2 | Amended and Restated Bylaws of the Company (previously filed with the SEC as Exhibit 3.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 on November 13, 2007 and incorporated herein by reference). |
| 4.3 | Common Stock Certificate (previously filed with the SEC as Exhibit 4.2 to Amendment No. 1 to the Company s Registration Statement on Form S-1 (333-114816) on April 23, 2004 and incorporated herein by reference). |
| 5.1 | Opinion of Duane Morris LLP (filed herewith). |
| 23.1 | Consent of EisnerAmper LLP (filed herewith). |
| 23.2 | Consent of Amper, Politziner & Mattia, LLP (filed herewith). |
| 23.3 | Consent of Schneider Downs & Co., Inc. (filed herewith). |
| 23.4 | Consent of Duane Morris LLP (included in Exhibit 5.1). |
| 24.1 | Power of Attorney (included on signature page). |

**Item 17.** ***Undertakings***
(A) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however,* that paragraphs (1)(i), (1)(ii) and (1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned Registrant or used or referred to by the undersigned Registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned Registrant or its securities provided by or on behalf of the undersigned Registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned Registrant to the purchaser.

(B) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(C) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is

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against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Marlton, State of New Jersey, on July 27, 2011.

**HILL INTERNATIONAL, INC.**

By: /s/ IRVIN E. RICHTER
**Irvin E. Richter**
**Chairman and Chief Executive Officer**

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Irvin E. Richter and David L. Richter, and each of them, with full power to act without the other, such person s true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or hernt style="DISPLAY: inline; FONT-SIZE: 10pt; FONT-FAMILY: Times New Roman">

**2008**

**2007**

**June 30, 2008**

Operating Expenses

General and administrative

$

503,886

$

103,678

$

1,014,911

$

355,005

$

8,915,469

Research and development

-

-

| | |
|---|---|
| | - |
| | - |
| | 986,584 |
| Loss from Operations | |
| | (503,886 |
| ) | |
| | (103,678 |
| ) | |
| | (1,014,911 |
| ) | |
| | (355,005 |
| ) | |
| | (9,902,053 |
| ) | |
| Other Income (Expenses) | |
| Unrealized gain on financial instrument | |
| | - |
| | 20,601 |
| | 5,469 |
| | 214,620 |
| | 4,722,632 |
| Interest income | |
| | 406 |
| | 122 |
| | 4,269 |
| | 270 |
| | 66,874 |
| Interest expense | |

(61,293
)

(8,011
)

(76,323
)

(15,751
)

(1,313,872
)
Interest expense from amortization of discount on secured promissory note

(16,603
)

-

(16,603
)

-

(266,603
)
Gain on debt restructuring

-

-

-

-

2,524,787

Other income

-

-

-

-

906,485

Total Other Income (Expenses)

(77,490
)

12,712

(83,188
)

199,139

6,640,303

Loss from Continuing Operations Before Minority Interest in Net Loss

(581,376
)

(90,966
)

(1,098,099
)

(155,866
)

(3,261,750
)

Minority interest in net loss

84,153

-

84,153

-

84,153

Loss from Continuing Operations

(497,223
)

(90,966
)

(1,013,946
)

(155,866
)

(3,177,597
)

Income (Loss) from Discontinued Operations

8,960

(185,641
)

(244,350
)

(294,804
)

(22,827,869
)

Net Loss

(488,263
)

(276,607
)

(1,258,296
)

(450,670
)

(26,005,466
)

Preferred stock dividend from beneficial conversion feature

-

-

-

-

(692,199
)

Net Loss Applicable to Common Shareholders

$
(488,263
)
$
(276,607
)
$
(1,258,296
)
$
(450,670
)
$
(26,697,665
)

Basic and Diluted Loss per Common Share:

Loss from Continuing Operations

$
(0.002
)
$
(0.001
)
$
(0.005
)
$
(0.001
)

Income (Loss) from Discontinued Operations

$
0.000

$
(0.001
)
$
(0.002
)

$ (0.003 )

Net loss

$ (0.002 )
$ (0.002 )
$ (0.007 )
$ (0.004 )

Basic and Diluted Weighted-Average Common Shares Outstanding

210,893,426

118,357,704

192,866,196

118,357,704

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

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**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| | For the Six Months Ended June 30, 2008 | 2007 | From Inception of the Development Stage on November 20, 1991 through June 30, 2008 |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Net loss | $ (1,258,296) | $ (450,670) | $ (26,005,466) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities | | | |
| Foreign currency transaction loss | 244,350 | 62,399 | 601,741 |
| Gain on debt restructuring | - | - | (2,524,787) |
| Share-based compensation for services, expenses, litigation, and research and development | 246,790 | 292,000 | 12,589,531 |
| Commitment for research and development obligation | - | - | 2,378,445 |
| Depreciation | 266 | 8,915 | 137,932 |
| Reduction of escrow receivable from research and development | - | - | 272,700 |
| Unrealized gain on financial instrument | (5,469) | (214,620) | (4,722,632) |
| Interest expense from amortization of discount on secured promissory note | 16,603 | - | 266,603 |
| Minority interest in net loss | (84,153) | - | (84,153) |
| Reduction of legal costs | - | - | (130,000) |
| Write-off of subscriptions receivable | - | - | 112,500 |
| Impairment loss on assets | - | - | 9,709 |
| Gain on disposal of assets, net of losses | - | - | (228,445) |
| Write-off of receivable | - | - | 562,240 |
| Note payable issued for litigation | - | - | 385,000 |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | - | - | (7,529) |
| Prepaid expenses | 20,050 | - | (31,023) |
| Accounts payable and accrued expenses | 553,649 | 331,578 | 4,771,661 |
| Net Cash Provided by (Used in) Operating Activities | (266,210) | 29,602 | (11,645,973) |
| **Cash Flows From Investing Activities** | | | |
| Plantation development costs | (1,259,502) | - | (1,568,279) |
| Purchase of property and equipment | (296,411) | - | (517,745) |
| Proceeds from disposal of assets | - | - | 310,000 |
| Change in deposits | (12,691) | - | (63,791) |
| Issuance of note receivable | - | - | (313,170) |
| Payments received on note receivable | - | - | 130,000 |
| Net Cash Used in Investing Activities | (1,568,604) | - | (2,022,985) |
| **Cash Flows From Financing Activities** | | | |
| | 75,000 | - | 11,324,580 |

| | | | | | |
|---|---|---|---|---|---|
| Proceeds from common stock, preferred stock, and warrants for cash | | | | | |
| Proceeds from issuance of preferred membership in GCE Mexico I, LLC | | 957,191 | | - | 957,191 |
| Contributed equity | | - | | - | 131,374 |
| Proceeds from notes payable and related warrants | | 250,000 | | - | 1,936,613 |
| Payments on notes payable | | (50,000) | | - | (951,287) |
| Proceeds from convertible notes payable | | - | | - | 571,702 |
| Payments on convertible notes payable | | - | | - | (98,500) |
| Net Cash Provided by Financing Activities | | 1,232,191 | | - | 13,871,673 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | | (602,623) | | 29,602 | 202,715 |
| **Cash and Cash Equivalents at Beginning of Period** | | 805,338 | | 47,658 | - |
| **Cash and Cash Equivalents at End of Period** | | 202,715 | | 77,260 | 202,715 |
| | | | | | |
| **Supplemental Disclosures of Cash Flow Information:** | | | | | |
| Cash paid for interest | $ | 12,823 | $ | - | |
| Noncash Investing and Financing Activities: | | | | | |
| Reclassification of financial instrument to permanent equity | $ | 2,161,045 | $ | - | |
| Acquisition of land in exchange for mortgage note payable | | 2,051,282 | | - | |
| Exchange of Series A preferred stock for common stock | | 514,612 | | - | |
| Release of common stock held in escrow | | 493,292 | | - | |
| Accrual of return on minority interest | | 21,377 | | - | |

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

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**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Note 1 – History and Basis of Presentation**

*History*

Medical Discoveries, Inc. 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 ("WPI"), pursuant to which WPI was the surviving corporation. Pursuant to the MDI-WPI merger, the name of the surviving corporation was changed to Medical Discoveries, Inc. ("MDI"). MDI's initial purpose was the research and development of an anti-infection drug know as MDI-P.

On March 22, 2005, MDI formed MDI Oncology, Inc., a Delaware corporation, as a wholly-owned subsidiary to acquire and operate the assets and business associated with the Savetherapeutics transaction. With this transaction, MDI acquired 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 these two drug candidates and sell these technologies.

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").

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, 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 will be providing feedstock oil intended for the production of bio-diesel.

Effective April 23, 2008, the Company entered into a limited liability company agreement to form GCE Mexico I, LLC (GCE Mexico) along with six unaffiliated investors. The Company owns 50% of the common membership interest of GCE Mexico and four 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 Asideros Globales Corporativo, a corporation newly organized under the laws of Mexico (Asideros), and the Company owns the remaining 1% directly. Commencing in April 2008, the Company has consolidated the financial statements of GCE Mexico and Asideros with its financial statements. The ownership interests of the six unaffiliated investors in GCE Mexico is presented as Minority Interest in the accompanying consolidated financial statements. GCE Mexico was organized primarily to, among other things, acquire land in Mexico through Asideros for the cultivation of the Jatropha plant.

*Unaudited Interim Consolidated Financial Statements*

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included and are of normal, recurring nature. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-KSB for the year ended December 31, 2007, as filed with the Securities and Exchange Commission. The results of operations for the three months and six months ended June 30, 2008, may not be indicative of the results that may be expected for the year ending December 31, 2008.



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**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**Notes to Unaudited Condensed Consolidated Financial Statements**

*Loss per Common Share*

Loss per share amounts are computed by dividing loss applicable to common shareholders by the weighted-average number of common shares outstanding during each period. Diluted 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, convertible preferred stock, and common stock held in escrow are currently antidilutive and have been excluded from the calculations of diluted loss per share at June 30, 2008 and 2007, as follows:

| | June 30, 2008 | June 30, 2007 |
|---|---|---|
| Convertible notes | 128,671 | 128,671 |
| Convertible preferred stock - Series A | - | 229,236,317 |
| Convertible preferred stock - Series B | 11,818,181 | - |
| Warrants | 29,742,552 | 38,973,861 |
| Compensation-based stock options and warrants | 49,383,000 | 29,883,000 |
| Common stock held in escrow | 4,567,519 | - |
| | 95,639,923 | 298,221,849 |

*Recently Issued Accounting Standards*

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement is effective for the Company's fiscal year beginning January 1, 2008 for financial assets and liabilities and January 1, 2009 for non-financial assets and liabilities. The adoption of SFAS 157 for financial assets and liabilities on January 1, 2008 did not have a material impact on the Company's consolidated financial statements. The Company is currently evaluating the impact of SFAS 157 for non-financial assets and liabilities, if any, on the reporting of its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*– including an amendment of FASB Statement No. 115 (SFAS 159). SFAS 159 allows measurement at fair value of eligible financial assets and liabilities that are not otherwise measured at fair value. If the fair value option for an eligible item is elected, unrealized gains and losses for that item shall be reported in current earnings at each subsequent reporting date. SFAS 159 also establishes presentation and disclosure requirements designed to draw comparison between the different measurement attributes the Company elects for similar types of assets and liabilities. The Company adopted SFAS 159 effective January 1, 2008, but did not elect to fair value any of the eligible assets or liabilities. Therefore, the adoption of SFAS 159 did not have any impact on its financial position or results of operations.

**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**Notes to Unaudited Condensed Consolidated Financial Statements**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)), which replaces SFAS 141, *Business Combinations*. SFAS 141(R) retains the underlying concepts of SFAS 141 in that all business combinations are still required to be accounted for at fair value under the acquisition method of accounting, but SFAS 141(R) changed the method of applying the acquisition method in a number of significant aspects. Acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. SFAS 141(R) is effective on a prospective basis for all business combinations for which the acquisition date is on or after the beginning of the first annual period subsequent to December 15, 2008, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. SFAS 141(R) amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of SFAS 141(R) would also apply the provisions of SFAS 141(R). Early adoption is not permitted. The Company is currently evaluating the effects, if any, that SFAS 141(R) may have on our financial statements. The Company does not expect that it will have any immediate effect on our financial statements, however, the revised standard will govern the accounting for any future business combinations that the Company may enter into.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* (SFAS 160). This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, with earlier adoption prohibited. This statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest will be included in consolidated net income on the face of the income statement. It also amends certain of ARB No. 51's consolidation procedures for consistency with the requirements of SFAS 141(R). This statement also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. The Company is currently evaluating this new statement. Based on the current consolidated financial statements, if SFAS 160 were effective, the minority interest in the consolidated balance sheet would be presented as noncontrolling interest in Owners' Equity (Deficit), the minority interest in net loss would be included in consolidated net loss in the consolidated statement of operations, and the footnotes would include expanded disclosure regarding the ownership interests of the Company and of the noncontrolling interests.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities. Entities will be required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedge items are accounted for under SFAS No. 133 and its related interpretations; and (c) how derivative instruments and related hedge items affect an entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective January 1, 2009. The Company is currently evaluating the impact of SFAS 161 on its financial statements.

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**Note 2 – Going Concern Considerations**

The accompanying unaudited consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss applicable to common shareholders of $1,258,296 and $4,414,884 during the six-month period ended June 30, 2008 and the year ended December 31, 2007, respectively, and has incurred losses applicable to common shareholders since inception of the development stage of $26,697,665. The Company also used cash in operating activities of $266,210 and $709,278 during the six-month period ended June 30, 2008 and the year ended December 31, 2007, respectively. At June 30, 2008, the Company has negative working capital of $6,874,541 and a stockholders' deficit of $5,848,523. Those factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company discontinued its former bio-pharmaceutical business during the quarter ended March 31, 2007. Management plans to meet its cash needs through various means including selling intellectual assets related to its former bio-pharmaceutical business, securing financing, and developing a new business model. In order to fund its new operations related to the cultivation of the Jatropha plant, the Company sold Series B preferred stock during the quarter ended December 31, 2007 in the amount of $1,300,000 and issued a secured promissory note under which the Company has current borrowings of $450,000. The Company is developing a new business operation to participate in the rapidly growing bio-diesel industry. The Company expects to be successful in this new venture, but there is no assurance that its business plan will be economically viable. The ability of the Company to continue as a going concern is dependent on that plan's success. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Note 3 – Jatropha Business Venture**

Having agreed to discontinue its bio-pharmaceutical operations and dispose of the related assets, the Company considered entering into a number of other businesses that would enable it to be able to provide the shareholders with future value. The Company's Board of Directors decided to develop a business to produce and sell seed oils, including seed oils harvested from the planting and cultivation of the *Jatropha curcas* plant, for the purpose of providing feedstock oil intended for the generation of methyl ester, otherwise known as bio-diesel (the "Jatropha Business"). The Company's Board concluded that there was a significant opportunity to participate in the rapidly growing biofuels industry, which previously was mainly driven by high priced, edible oil-based feedstock. In order to commence its new Jatropha Business, the Company entered into various transactions during September and October of 2007, including: (i) hired Richard Palmer, an energy consultant, and a member of Global Clean Energy Holdings LLC ("Global") to act as its new President, Chief Operating Officer and future Chief Executive Officer, (ii) engaged Mobius Risk Group, LLC, a Texas company engaged in providing energy risk advisory services, to provide it with consulting services related to the development of the Jatropha Business, (iii) acquired 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 from Global, and (iv) engaged Corporativo LODEMO S.A DE CV to assist with the development of the Jatropha Business in Mexico. Since entering into these transactions, the Company has identified certain real property in Mexico it believes to be suitable for cultivating the Jatropha plant. In addition, during April 2008, the Company entered into a limited liability company agreement to form GCE Mexico I, LLC (GCE Mexico). Through Asideros Globales Corporativo (Asideros), a Mexican corporation of which GCE Mexico holds a 99% equity interest, land has been acquired in Mexico for the cultivation of the Jatropha plant. All of these transactions are described in further detail in the remainder of this note to the consolidated financial statements.

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**Share Exchange Agreement**

The Company entered into a share exchange agreement (the Global Agreement) pursuant to which the Company acquired all of the outstanding ownership interests in Global Clean Energy Holdings, LLC, a Delaware limited liability company (Global), on September 7, 2007 from Mobius Risk Group, LLC (Mobius) and from Richard Palmer (Mr. Palmer). Mr. Palmer owns a 13.33% equity interest in Mobius and, as described further in this Note, became the Company's new President and Chief Operating Officer in September 2007 and its Chief Executive Officer in December 2007. Mobius and Mr. Palmer are considered related parties to the Company. Global is an entity that has 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, for the purpose of providing feedstock oil intended for the production of bio-diesel.

**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 commenced September 1, 2007 and ends on September 30, 2010, unless terminated in accordance with the provisions of the agreement.

**Mobius Consulting Agreement**

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

The term of the agreement is twelve (12) months, or until the scope of work under the agreement has been completed. Mobius will supervise the hiring of certain staff to serve in management and operations roles of the Company, or hire such persons to provide similar services as independent contractors. Mobius' compensation for the services provided under the agreement is a monthly retainer of $45,000. The Company will also reimburse Mobius for reasonable business expenses incurred in connection with the services provided. The agreement contains customary confidentiality provisions with respect to any confidential information disclosed to Mobius or which Mobius receives while providing services under the agreement. Under this agreement, the Company has paid Mobius or accrued $149,341 during the three months ended June 30, 2008, of which $19,831 was expensed as compensation to Mobius and $129,510 was capitalized as plantation development costs pursuant to AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*. For the six months ended June 30, 2008, the Company has paid Mobius or accrued $293,165, of which $42,155 was expensed as compensation to Mobius and $251,010 was capitalized as plantation development costs

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**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). The Company had decided to initiate its Jatropha Business in Mexico, and had identified parcels of land in Mexico to plant and cultivate Jatropha. In order to obtain all of the logistical and other services needed to operate a large-scale farming and transportation business in Mexico, the Company entered into the service agreement with the LODEMO Group, a privately held Mexican company with substantial land holdings, significant experience in diesel distribution and sales, liquids transportation, logistics, land development and agriculture.

Under the supervision of the Company’s management and Mobius, the LODEMO Group is responsible for the establishment, development, and day-to-day operations of the Jatropha Business in Mexico, including the extraction of the oil from the Jatropha seeds, the delivery of the Jatropha oil to buyers, the purchase or lease of land in Mexico, the establishment and operation of one or more Jatropha nurseries, the clearing, planting and cultivation of the Jatropha fields, the harvesting of the Jatropha seeds, the operation of the Company’s oil extraction facilities, and the logistics associated with the foregoing. Although the LODEMO Group is responsible for identifying and acquiring the farmland, ownership of the farmland or any lease thereto will be held directly by the Company or by a Mexican subsidiary of the Company. The LODEMO Group will be responsible for hiring and managing all necessary employees. All direct and budgeted costs of the Jatropha Business in Mexico will be borne by the Company.

The LODEMO Group will provide the foregoing and other necessary services for a fee primarily based on the number of hectares of Jatropha under cultivation. The Company has agreed to pay the LODEMO Group a fixed fee per year of $60 per hectare of land planted and maintained with minimum payments based on 10,000 hectares of developed land, to follow a planned planting schedule. The Agreement has a 20-year term but may be terminated earlier by the Company under certain circumstances. The LODEMO Group will also potentially receive incentive compensation for controlling costs below the annual budget established by the parties, production incentives for increased yield and a sales commission for biomass sales. Under this agreement, the Company has paid the LODEMO Group or accrued $567,961 during the three months ended June 30, 2008, all of which was capitalized as plantation development costs pursuant to AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*. During the six months ended June 30, 2008, the Company has paid the LODEMO Group or accrued $670,444, all of which has been capitalized as plantation development costs.

**GCE Mexico I, LLC**

Effective April 23, 2008, the Company entered into a limited liability company agreement (“LLC Agreement”) to form GCE Mexico I, LLC, a Delaware limited liability company (GCE Mexico), with six unaffiliated investors (collectively, the Investors). GCE Mexico was organized primarily to acquire approximately 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.

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Under the LLC Agreement, the Company owns 50% of the issued and outstanding common membership units of GCE Mexico. The remaining 50% of the common membership units was issued to five of the Investors. The Company and the other owners of the common membership interest were not required to make capital contributions to GCE Mexico.

In addition, two of the Investors agreed to invest approximately $4.2 million in GCE Mexico through the purchase of preferred membership units and through the funding of the purchase of land in Mexico. An aggregate of 1,000 preferred membership units were issued to these two Investors who have agreed to make capital contributions to GCE Mexico of up to $2,232,624, in installments and as required, to fund the development and operations of the Jatropha Farm. Shortly after entering into the LLC Agreement, the preferred members made an initial capital contribution of $957,191 toward the development of the Jatropha Farm. Additional capital contributions of $692,522 have been received by GCE Mexico from these Investors in July 2008. These Investors are entitled to earn a preferential 12% per annum cumulative compounded return on the balance of their preferred membership interest. These investors also directly funded the purchase 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 and Asideros issued a mortgage in the amount of $2,051,282 in favor of these two Investors. Since the acquisition of the land, approximately 190 acres of have have been improved so far, the irrigaton system for 900 hunded acres is being returned to operation, and roads have been developed on all of the land. Furthermore, heavy equipment is now in place that will greatly facilitate rapid improvement and planting.

According to the LLC Agreement, the net loss of GCE Mexico is allocated to the members according to the 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 Minority Interest presented in the accompanying consolidated balance sheet 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. Accordingly, the Minority Interest is composed of the following elements at June 30, 2008:

| | | |
|---|---|---|
| Capital contribution from preferred membership interest | $ | 957,191 |
| Allocation of net loss of GCE Mexico to the preferred membership interest | | (84,153) |
| Accrual of preferential return for the preferred membership interest | | (21,377) |
| Investment of common membership interest held by other Investors, excluding the Company | | - |
| | | |
| **Minority Interest** | $ | 851,661 |

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**Note 4 – Propertyand Equipment**

Property and equipment are as follows:

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Land | $ 2,051,282 | $ - |
| Plantation development costs | 1,568,279 | 308,777 |
| Plantation equipment | 286,545 | - |
| Office equipment | 10,993 | 1,127 |
| | | |
| Total cost | 3,917,099 | 309,904 |
| Less accumulated depreciation | (829) | (563) |
| | | |
| **Property and equipment, net** | $ 3,916,270 | $ 309,341 |

The Company has capitalized farming equipment and costs related to the development of land for plantation use in accordance with AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*. Plantation development costs are not currently being depreciated. Upon completion of the plantation development, those costs will be depreciated over the useful life of the related asset. The plantation development costs are located in Mexico.

Late in June 2008, GCE Mexico has also purchased two pieces of heavy equipment for purposes of rapidly clearing the land, preparing the land for planting, and actually planting the Jatropha trees. The cost of the equipment was $286,545, including freight.

**Note 5 – Accrued Payroll and Payroll Taxes**

Accrued payroll and payroll taxes principally relate 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:

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Former Chief Executive Officer, resigned 2007, including $500,000 under the Release and Settlement Agreement | $ 570,949 | $ 583,333 |
| Other former Officers and Directors | 311,200 | 311,200 |
| Accrued payroll taxes on accrued compensation to former officers and directors | 38,510 | 38,510 |
| Accrued payroll, vacation, and related payroll taxes for current officers | 79,001 | 17,928 |
| | | |
| **Accrued payroll and payroll taxes** | $ 999,660 | $ 950,971 |

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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 to, among other things, to pay Ms. Robinett $500,000 upon the receipt of the cash payment under the agreement to sell the SaveCream Assets. Pursuant to this agreement, Ms. Robinett resigned on December 21, 2007.

**Note 6 – Secured Promissory Note**

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. At that time, Mercator, along with two other affiliates, owned all of the issued and outstanding shares of the Company's Series A Convertible Preferred Stock, and is considered a related party to the Company. The loan is secured by a lien on all of the assets of the Company. Under the loan agreement, interest was originally payable on the loan at a rate of 12% per annum, payable monthly.

Pursuant to the loan agreement, Mercator made available to the Company a secured term credit facility in principal amount of $1,000,000. The promissory note initially was due and payable on December 14, 2007. As of December 13, 2007, the Company owed Mercator $250,000 under the loan. Mercator agreed to extend the maturity date of the $250,000 to February 21, 2008. In March, 2008, the loan was paid down to $200,000 and the maturity date was extended to June 21, 2008. In May 2008, the Company and Mercator entered into an amendment to the loan agreement, whereby, Mercator loaned the Company and additional $250,000 increasing the outstanding balance to $450,000. In connection with the amendment, the interest rate was reduced to 8.68% and the due date was extended to August 19, 2008. The maturity date has subsequently been further extended to September 19, 2008. Additionally, as part of the amendment, the Company issued Mercator a two-year warrant to purchase 581,395 shares of common stock at $0.129 per share.

The proceeds of $250,000 resulting of the amendment of the loan agreement have been allocated between the promissory note and the warrant based on the relative fair value of each instrument. The fair value of the warrant was estimated on the date of issuance using the Black-Scholes option pricing model. The assumptions used for valuing the warrant were risk-free interest rate of 2.4%, volatility of 168%, expected life of 2.0 years, and dividend yield of zero. The allocation resulted in a $36,369 discount to the promissory note, which is being amortized as additional interest over the period from May 19, 2008 through the new due date of August 19, 2008. At June 30, 2008, the promissory note is reflected in the accompanying consolidated balance sheet at $450,000, less the unamortized discount of $19,766.

**Note 7 – Financial Instrument**

The conversion feature of the Series A Convertible Preferred Stock had more of the attributes of an equity instrument than of a liability instrument, and thus was not considered a derivative. However, at the time of issuance, the Company was unable to guarantee that there would be enough shares of authorized common stock to settle other "freestanding instruments." Accordingly, all of the warrants attached to the convertible preferred stock were measured at their fair value and recorded as a liability in the financial statements characterized as a "Financial Instrument". For these same reasons, all other warrants and options outstanding on March 11, 2005 or issued during the remainder of 2005 and through 2007 (except for stock options issued to employees) were measured at their fair value and recorded as additional liability in the financial statements. As of December 31, 2007, the fair value of this liability was recorded at $2,166,514.

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For the period from December 31, 2007 through January 29, 2008, the fair value of this liability decreased by $5,469 resulting in a balance of $2,161,045. On January 29, 2008, the shareholders of the Company approved an increase in the number of authorized shares of common stock from 250 million to 500 million. Consequently, as the result of this amendment to the Company’s Articles of Incorporation, the Company is now able to settle all ‘freestanding instruments”. Accordingly, the Company reclassified the liability, characterized in the accompanying financial statements as “Financial Instrument”, in the amount of $2,161,045, to permanent equity in January 2008.

**Note 8 – Common and Preferred Stock**

Stock Exchange Agreement

Effective April 18, 2008, the Company entered into an exchange agreement ( the Exchange Agreement) with Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., and Monarch Pointe Fund, Ltd. (collectively, the MAG Funds), comprising all of the holders of the Company’s Series A Convertible Preferred Stock (the Series A Stock). Pursuant to the Exchange Agreement, the MAG Funds agreed to exchange 28,927 shares of the Series A Stock, constituting all of the issued and outstanding shares of the Series A Stock, for an aggregate of 28,927,000 shares of the Company’s common stock. The exchange ratio was determined by dividing the $100 purchase price of the preferred shares by $0.10 per share of common stock.

Prior to the Exchange Agreement, the Series A Stock had been convertible at a price equal to 75% of the “Market Price”, as defined in the Certificate of Designations of Preferences and Rights of the Series A Stock. The conversion price could not exceed $0.1967 and had a conversion price floor of $0.05. On April 18, 2008, the closing price of the Company’s common stock was $0.10 and the “Market Price” would have been $0.045 per share. In connection with the Exchange Agreement, the Company agreed to waive the limitation that the MAG Funds could not own more that 9.99% of the Company’s outstanding common stock as a concession for the MAG Funds agreeing to a conversion price that was more favorable to the Company.

Release of Shares Held in Escrow

Under the Global Agreement, 27,405,111 shares of common stock were held in escrow by the Company, subject to forfeiture in the event that certain specified performance and market-related milestones were not achieved. Upon the satisfaction, from time to time, of the operational and market capitalization condition milestones, the restricted shares were to be released by the Company from escrow and delivered to the buyers in accordance with the terms and conditions of the Global Agreement.

With the acquisition of the land for the Jatropha Farm during the three months ended June 30, 2008, the operational milestones were satisfied under the Global Agreement. Consequently, 13,702,556 shares of common stock being held in escrow have been released to the former owners of Global Clean Energy Holdings, LLC.

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During the three months ended June 30, 2008, the second market-related milestones under the Global Agreement were satisfied, which resulted in the release of 4,567,518 shares of common stock being held in escrow. Previously, during the three months ended December 31, 2007, the first market-related milestones were satisfied, which also resulted in the release of 4,567,518 shares of common stock being held in escrow. There are 4,567,519 shares of common stock held in escrow at June 30, 2008, which will be released upon the satisfaction of the third market-related milestones.

**Note 9 – Stock Options and Warrants**

The Company has two incentive stock option plans wherein 24,000,000 shares of the Company's common stock are reserved for issuance thereunder. As more fully described in Note 10, the Company issued stock options during the six months ended June 30, 2008 to acquire 4,500,000 million shares of the Company's common stock. During the six months ended June 30, 2007, the Company issued compensation-based warrants to purchase 10,000,000 shares of common stock. The warrants have an exercise price of $0.03 per share, contain a cashless exercise provision, and expire ten years from date of issue. No income tax benefit has been recognized for share-based compensation arrangements and no compensation cost has been capitalized in the balance sheet.

A summary of the status of options and compensation-based warrants at June 30, 2008, and changes during the six months then ended is presented in the following table:

| | Shares Under Option | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 1, 2008 | 44,883,000 | $ 0.03 | | |
| Granted | 4,500,000 | 0.05 | | |
| Expired | - | - | | |
| Outstanding at June 30, 2008 | 49,383,000 | $ 0.03 | 7.0 years | $ 1,905,000 |
| Exercisable at June 30, 2008 | 33,383,000 | $ 0.03 | 8.1 years | $ 1,425,000 |

At June 30, 2008, options to acquire 80,000 shares of common stock have no stated contractual life. The fair value of each stock option grant and compensation-based warrant is estimated on the date of grant or issuance using the Black-Scholes option pricing model. The weighted-average fair value of stock options granted during the six months ended June 30, 2008 was $0.042. The weighted-average assumptions used for options granted during the six months ended June 30, 2008 were risk-free interest rate of 2.4%, volatility of 127%, expected life of 5.2 years, and dividend yield of zero. The weighted- average fair value of compensation-based warrants issued during the six months ended June 30, 2007 was $0.029. The weighted-average assumptions used for compensation-based warrants issued during the six months ended June 30, 2007 were risk-free interest rate of 4.8%, volatility of 134%, expected life of ten 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.

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Share-based compensation from all sources recorded during the three months and six months ended June 30, 2008 were $167,081 and $246,790, respectively. Share-based compensation from all sources for the three months and six months ended June 30, 2007 were $0 and $292,000, respectively. Share-based compensation has been included in the accompanying Consolidated Statements of Operations as follows:

| Period Reported | General and Administrative Expense | Loss from Discontinued Operations | Total |
|---|---|---|---|
| Three months ended June 30, 2008 | $ 167,081 | $ - | $ 167,081 |
| Six months ended June 30, 2008 | 246,790 | - | 246,790 |
| Three months ended June 30, 2007 | - | - | - |
| Six months ended June 30, 2007 | 175,200 | 116,800 | 292,000 |

As of June 30, 2008, there is approximately $407,000 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 2.0 years.

**<u>Stock Warrants</u>**

A summary of the status of the warrants outstanding at June 30, 2008, and changes during the six months then ended is presented in the following table:

| | Shares Under Warrant | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2008 | 31,033,379 | $ 0.022 |
| Issued | 581,395 | $ 0.129 |
| Expired | (1,872,222) | $ 0.180 |
| Outstanding at June 30, 2008 | 29,742,552 | $ 0.015 |

**Note 10 – Employment Agreement**

On March 20, 2008, the Company entered into an employment agreement with Bruce K. Nelson pursuant to which the Company hired Mr. Nelson to serve as its Executive Vice-President and Chief Financial Officer effective April 1, 2008. The initial term of employment commenced March 20, 2008 and continues through March 20, 2010. Thereafter, the term of employment shall automatically renew for successive one-year periods unless otherwise terminated in accordance with the employment agreement.

Mr. Nelson'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. Nelson'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. Nelson's base salary. Mr. Nelson is eligible to participate in the Company's employee stock option plan and other benefit plans.

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The Company granted Mr. Nelson an option (the Initial Option) to acquire up to 2,000,000 shares of the Company's common stock at an exercise price of $0.05. The Initial Option vests in tranches of 500,000 shares after 90 days, nine months, fifteen months, and two years of the employment term. The Initial Option expires after 10 years. The Company also granted Mr. Nelson an option (the Performance Option) to acquire up to 2,500,000 shares of the Company's common stock at an exercise price of $0.05, subject to the Company's achievement of certain market capitalization goals. The Performance Option expires after five years.

The Company may terminate Mr. Nelson's employment on the first anniversary of the employment term, provided that the Company pays Mr. Nelson three (3) months salary if such termination is without "cause". If Mr. Nelson's employment is terminated by the Company without "cause" or by Mr. Nelson for "good reason" prior to the first anniversary of the employment term, Mr. Nelson will be entitled to receive severance payments including (i) an amount equal to his unpaid salary through the first anniversary of the employment term, (ii) 50% of the target bonus in effect on the date of termination, and (iii) 50% of the Performance Option shall vest. If Mr. Nelson's employment is terminated by the Company without "cause" or by Mr. Nelson for "good reason" after the first anniversary of the employment term, Mr. Nelson will be entitled to receive severance payments including (i) an amount equal to his unpaid salary through the end of the second year of the employment agreement, and (ii) 100% of Initial Option shall vest, to the extent not already vested.

**Note 11 – Discontinued Operations**

During the three months ended March 31, 2007, the Board of Directors determined that it could no longer fund the development of its drug candidates and could not obtain additional funding for these drug candidates. The Board evaluated the value of its developmental stage drug candidates. In March 2007, the Board determined that the best course of action was to discontinue further development of these drug candidates and sell these technologies.

**Plan to Sell Former Business**

On March 8, 2007, the Company entered into a binding letter of intent with Eucodis Pharmaceuticals Forschungs und Entwicklungs GmbH, an Austrian company (Eucodis), regarding their intent to proceed with the evaluation, negotiation, and execution of a sale and purchase agreement related to certain assets of the Company. On July 6, 2007, the Company entered into a sale and purchase agreement (the Asset Sale Agreement) with Eucodis, pursuant to which Eucodis agreed to acquire certain assets of the Company in consideration for a cash payment and the assumption by Eucodis of certain indebtedness of the Company. The assets to be acquired by Eucodis pursuant to the Asset Sale Agreement included all of the Company's right, title and interest in all patents, patent applications, United States and foreign regulatory files and data, pre-clinical study data and anecdotal clinical trial data concerning SaveCream. In addition, at the closing of the sale, the Company was to assign to Eucodis all of its right, title and interest in a co-development agreement with Eucodis, dated as of July 29, 2006, related to the co-development and licensing of SaveCream (including the intellectual property rights acquired in connection with that development) and their rights under certain other contracts relating to SaveCream. The sale to Eucodis was scheduled to close at the end of January 2008 after the Company's shareholders approved the sale. On January 29, 2008, the shareholders of the Company approved the transaction. Shortly before the scheduled closing, Eucodis informed the Company that it was unable to complete the transaction as agreed because it had insufficient funds and needed to obtain additional financing.

**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**Notes to Unaudited Condensed Consolidated Financial Statements**

The Company thereafter commenced discussions with Eucodis regarding the possibility of obtaining financing and possibly deferring the closing of the sale. However, as of February 27, 2008, Eucodis still had not obtained sufficient financing to complete its purchase of the SaveCream technology. Accordingly, on February 27, 2008, the Company delivered to Eucodis a letter formally notifying Eucodis that the Asset Agreement had been terminated. On February 29, 2008, Eucodis informed the Company that (i) it was completing an agreement for financing, which financing would provide Eucodis with sufficient funds to purchase the SaveCream assets for the purchase price, and substantially on the terms set forth in the Asset Sale Agreement, and (ii) that it still desired to complete the transaction contemplated by the Asset Sale Agreement. On February 29, 2008, the Company prepared a letter agreement again agreeing to sell the SaveCream assets to Eucodis on substantially the terms set forth in the Asset Sale Agreement (as amended). Under the letter agreement, the sale to Eucodis was scheduled to occur at such time as Eucodis completed its financing, but in no event later than April 30, 2008. As of April 30, 2008, Eucodis had not completed its financing, therefore, the Asset Sale Agreement, as amended by the Letter Agreement, terminated on its own terms. The Company continued discussions with Eucodis and explored other potential purchasers of SaveCream. All discussions and agreements with Eucodis were terminated in July 2008 due to their inability to obtain their own pending financing. As a result of the failed funding of Eucodis they were forced to cease their operations. However, the principal of Eucodis has agreed to continue to work with the Company in connection with the sale of the Company's legacy assets.

The Company is currently in discussions to sell one of the SaveCream patents (the cosmetic application) for approximately €200,000 (or approximately US $388,000 based on the currency conversion rate in effect as of June 30, 2008) to a European buyer. This entity has also indicated that it is interested in purchasing the remaining SaveCream asset. Although management is taking steps to market and sell the SaveCream assets to this buyer and other potential buyers, no assurance can be given that this sale will actually be completed in the near future, or ever.

**Accounting for Discontinued Operations**

Pursuant to accounting rules for discontinued operations, the Company has classified all revenue and expense related to the operations of its bio-pharmaceutical business as discontinued operations. For all periods prior to March 2007, the Company has reclassified all revenue and operating expenses to discontinued operations, except for estimated general corporate overhead, because all of its operations related to the discontinued technologies. For the three months and six months ended June 30, 2008, the "Loss from Discontinued Operations" consists solely of the foreign currency transaction loss related to Current Liabilities Associated with Assets Held for Sale that are denominated in euros. The assets that were under contract to be sold to Eucodis have no carrying value in the accompanying balance sheet, while the liabilities that were to be assumed in the planned sale have been segregated in the accompanying balance sheets and are characterized as Current Liabilities Associated with Assets Held for Sale. The Company has not recorded any gain or loss through June 30, 2008 associated with the planned sale of the SaveCream assets. The following table presents the main classes of assets and liabilities associated with the discontinued business.

**GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES**
**FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.**
**(A Development Stage Company)**
**Notes to Unaudited Condensed Consolidated Financial Statements**

| | June 30, 2008 | December 31, 2007 |
|---|---|---|
| Assets: | $ - | $ - |
| | | |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | $ 439,414 | $ 412,415 |
| Research and development obligation | 2,913,380 | 2,701,555 |
| | $ 3,352,794 | $ 3,113,970 |

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

**This Report, including any documents which may be incorporated by reference into this Report, contains "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are "Forward-Looking Statements" for purposes of these provisions, including our plans to cultivate, produce and market non-food based feedstock for applications in the 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 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 r or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under "Risk Factors" and elsewhere in this report**.

**Introductory Comment**

Throughout this Quarterly Report on Form 10-Q, the terms "we," "us," "our," "our company," and "Company" refer to Glol Clean Energy Holdings, Inc., a Utah corporation, and, unless the context indicates otherwise, also includes the following subsidiaries: (i) MDI Oncology, Inc., a Delaware corporation, (ii) Global Clean Energy Holdings LLC, a Delaware limited liability company, (iii) GCE Mexico I, LLC, a Delaware limited liability company, and (iv) Asideros Globales Corporativo, a corporation organized under the laws of Mexico.

**Overview**

Prior to 2007, Global Clean Energy Holdings, Inc. was a developmental-stage bio-pharmaceutical company, known as Medical Discoveries, Inc., that was engaged in the research, validation and development of two drugs. As more fully described in this report, during 2007 our Board of Directors determined that we could no longer fund the development of our two drug candidates and could not obtain additional funding for these drug candidates. Accordingly, the Board decided to sell our two drug candidates and to develop a new business in the rapidly expanding business of renewable alternative energy sources. As a result, our future business plan, and our current principal business activities include the planting, cultivation, harvesting and processing of inedible plant feedstock to generate seed oils and biomass for use in the biofuels industry, including the production of bio-diesel.

**Organizational History.**

This company was incorporated under the laws of the State of Utah on November 20, 1991. Effective as of August 6, 1992, this company merged with and into WPI Pharmaceutical, Inc., a Utah corporation. Pursuant to merger, the name of this company was changed to Medical Discoveries, Inc. WPI was incorporated under the laws of the State of Utah on February 22, 1984 under the name Westport Pharmaceutical, Inc. On January 29, 2008, our shareholders approved the change of our corporate name, and on that date we amended our name to “Global Clean Energy Holdings, Inc.” to reflect our new focus on the bio-diesel alternative energy market.

On March 22, 2005, we formed MDI Oncology, Inc., a Delaware corporation, as a wholly owned subsidiary to acquire certain breast cancer intellectual property assets from the liquidation estate of Savetherapeutics, A.G.

**Transition to new Business**

Until 2007, we were a developmental-stage bio-pharmaceutical company engaged in the research, validation, and development of two drugs we referred to as MDI-P and SaveCream. Both of these drugs were under development, and had not been approved by the U.S. Food and Drug Administration (FDA). The total cost to develop these two drugs, and to receive the approval from the FDA, would have cost many millions of dollars and taken many more years.

Early in 2007, our Board of Directors determined that we could no longer fund the development of our two drug candidates and that we could not obtain additional funding for these drug candidates. Our Board also evaluated the value of the SaveCream drug candidate that was being co-developed with Eucodis Pharmaceuticals Forschungs – und Entwicklungs GmbH, an Austrian company now known as Eucodis Pharmaceuticals GmbH (“Eucodis”), and the return we could expect for our shareholders, and determined that the highest value for this drug candidate could be realized through a sale of that drug candidate to Eucodis. Accordingly, our Board sought to maximize the return from these assets through their sale.

On July 6, 2007, we entered into an agreement with Eucodis to sell SaveCream, and on January 29, 2008, our shareholders approved the sale of the SaveCream asset to Eucodis. However, Eucodis was unable to complete the purchase of the assets, and our agreement to sell the SaveCream assets to Eucodis has expired. We are currently still trying to sell our SaveCream technologies and other medical technologies. If we are unable to sell some or all of these medical assets in the near future, we intend to engage an investment banking firm to assist us in the sale.

Having decided to dispose of the foregoing assets, our Board decided to develop a business in the alternative energy market as a producer of biofuels. Accordingly, our new goal is to produce and sell seed oils, including seeds oils harvested from the planting and cultivation of *Jatropha curcas* plant, for the purpose of providing feedstock oil used for the generation of methyl ester, otherwise known as bio-diesel (the “Jatropha Business”). In connection with commencing our new Jatropha Business, effective September 7, 2007, we (i) hired Richard Palmer, an energy consultant, and a member of Global Clean Energy Holdings LLC (“Global LLC”) to act as the our new President, Chief Operating Officer and future Chief Executive Officer, (ii) engaged Mobius Risk Group, LLC, a Texas company engaged in providing energy risk advisory services, to provide us with consulting services related to the development of the Jatropha Business, and (iii) acquired 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 from Global LLC.

Effective April 23, 2008, we entered into a limited liability company agreement ("LLC Agreement") for GCE Mexico I, LLC, a Delaware limited liability company ("GCE Mexico"), with six other unaffiliated investors (collectively, "Investors"). GCE Mexico was organized primarily to acquire approximately 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, we own 50% of the issued and outstanding common membership units of GCE Mexico. The remaining 50% in common membership units were issued to the Investors. In addition, an aggregate of 1,000 preferred membership units were issued to two Investors ("Preferred Members") who have agreed to invest approximately $4.2 million in GCE Mexico through the purchase of preferred membership units and through the funding of the purchase of land in Mexico. An aggregate of 1,000 preferred membership units were issued to these two Investors who have agreed to make capital contributions to GCE Mexico of up to $2,232,624, in installments and as required, to fund the development and operations of the Jatropha Farm. We are not required to make capital contributions to GCE Mexico.

Shortly after entering into the LLC Agreement, the preferred members made an initial capital contribution of $957,191 toward the development of the Jatropha Farm. These Investors are entitled to earn a preferential 12% per annum cumulative compounded return on the balance of their preferred membership interest. These Investors also directly funded the purchase of approximately 5,000 acres of land in the State of Yucatan in Mexico by the payment of $2,051,282.

**Recent Developments.**

*Secured Promissory Note*

Effective May 19, 2008, the Mercator Momentum Fund III, L.P. ("Mercator") agreed to lend us an additional $250,000 under the $1 million secured credit facility that we entered into with Mercator on September 7, 2007. Prior to this additional loan, we had borrowed and outstanding $200,000 under this facility. Interest is payable on the new aggregate outstanding balance of this facility (i.e. $450,000) at a rate of 8.68% per annum. The new aggregate outstanding balance of this facility (i.e. $450,000), originally scheduled to be repaid by August 19, 2008, has been extended and now will mature become payable on September 19, 2008. The loans are secured by a first priority lien on all of our assets.

*Sale of Legacy Pharmaceutical Assets*

We are currently in discussions to sell one of the SaveCream patents (the cosmetic application) for approximately €200,000 (or approximately U.S. $388,000 based on the currency conversion rate in effect as of June 30, 2008) to a European buyer. This entity has also indicated that it is interested in purchasing the remaining SaveCream asset. Although, we are taking steps to market and sell the SaveCream assets to this buyer and other potential buyers, no assurance can be given that this sale will actually be completed in the near future, or ever.

**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. We are a development stage company as defined by the Financial Accounting Standards Board's ("FASB")

Statement of Financial Accounting Standards (“SFAS”) No. 7, “Accounting and Reporting by Development Stage Enterprises.” Accordingly, all losses accumulated since inception have been considered as part of our development stage activities. Certain other critical accounting policies, including the assumptions and judgments underlying them, are disclosed in the Note A to the Consolidated Financial Statements included in our annual report on Form 10-KSB filed for the fiscal year ended December 31, 2007. However, we do not believe that there are any alternative methods of accounting for our operations that would have a material affect on our financial statements.

**Results of Operations**

We continue to work to consummate the sale of our prior bio-pharmaceutical operations. Pursuant to accounting rules for discontinued operations, we have classified all revenue and expense in the accompanying financial statements related to the operations of our bio-pharmaceutical business as "discontinued operations." Since all of our operations prior to March 2007 related to the bio-pharmaceutical business, all of our revenue and expense, with the exception of estimated general corporate overhead, has been reclassified into "Loss from Discontinued Operations" in the accompanying Condensed Consolidated Statements of Operations for all periods presented.

*Revenues and Gross Profit*. We are a development stage company, and have not had significant revenues from our operations or reached the level of our planned operations. We discontinued our prior bio-pharmaceutical operations during March 2007. In September 2007, we commenced operations in our new Jatropha business, but we are still are in the pre-development agricultural stage of our operations and, therefore, do not anticipate generating significant revenues from the sale of bio-fuel products until 2009. We are, however, attempting to generate cash in 2008 from the forward sale of carbon credits and possibly from future oil delivery contracts. As a development stage company, we have no recognized revenue in the three months or six months ended June 30, 2008.

*Operating Expenses*. Our general and administrative expenses related to continuing operations for the three months and the six months ended June 30, 2008 were $503,886 and $1,014,911, respectively, compared to $103,678 and $355,005 for the three months and the six months ended June 30, 2007. General and administrative expenses includes share-based compensation of $167,081 and $246,790 for the three months and the six months ended June 30, 2008, respectively, and zero and $175,200 for the three months and the six months ended June 30, 2007, respectively. For the three months and the six months ended June 30, 2008, general and administrative expenses principally include expenses such as compensation paid to officers and employees, share-based compensation, insurance, director fees, accounting costs, legal costs, consulting expenses, payments for third-party services, and travel expenses incurred in connection with our Jatropha operations. For the three months and the six months ended June 30, 2007, general and administrative expenses principally included expenses such as director fees, accounting costs, certain legal costs, certain consulting expenses, and an allocation of our employees' compensation as general corporate overhead. During 2007, other general and administrative expenses more directly related to the operation and disposal of our bio-pharmaceutical business were included in Loss from Discontinued Operations.

We have not recorded any research and development cost in association with our new Jatropha business. Plantation development costs are being accumulated in the balance sheet during the development period and will be accounted for in accordance with Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*. Plantation development costs are not currently being depreciated. Upon completion of the plantation development, those costs will be depreciated over the useful life of the related asset.

*Other Income/Expense*. During the three months and the six months ended June 30, 2007, we recorded $20,601 and $214,620, respectively, as unrealized gain on financial instrument. This non-cash gain is the result of the periodic revaluation of certain warrants classified as a liability in the financial statements because we were unable to guarantee that there would be enough shares of authorized common stock to settle "freestanding instruments." Accordingly, all of the warrants attached to the convertible preferred stock resulting from the issuance of the Series A Convertible Preferred Stock entered into in October 2004 and March 2005, as well as other warrants and options outstanding on March 11, 2005 or issued during the remainder of 2005 and through 2007 (except for stock options issued to employees) were measured at their fair value and recorded as additional liability in the financial statements characterized as a "Financial Instrument." For the period from December 31, 2007 through January 29, 2008, the fair value of this liability decreased by $5,469. On January 29, 2008, the shareholders of the Company approved an increase in the number of authorized shares of common stock from 250 million to 500 million. Consequently, we are now able to settle all 'freestanding instruments" and reclassified the liability, characterized in the accompanying financial statements as "Financial Instrument", in the amount of $2,161,045, as permanent equity in January 2008.

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Interest income has not been significant in any of the periods covered by this report. Interest expense for the three months and six months ended June 30, 2008 was $61,293 and $76,323, respectively, compared to $8,011 and $15,751 for the three months and the six months ended June 30, 2007, respectively. The increase during 2008 is primarily attributable to the new mortgage in the amount of $2,051,282 for the land purchase in Mexico in April 2008, and secondarily attributable to the borrowings under the secured promissory note commencing during the fourth quarter of 2007.

*Loss from Discontinued Operations.* Our Income or Loss from Discontinued Operations was income of $8,960 for the three months ended June 30, 2008 and a loss of $244,350 for the six months ended June 30, 2008, compared to losses of $185,641 and $294,804 for the corresponding periods of 2007. For the three months and the six months ended June 30, 2008, the Income or Loss from Discontinued Operations consists solely of the foreign currency transaction gain or loss related to changes in the exchange rate on certain liabilities included in “Current Liabilities Associated with Assets held for Sale” that are denominated in euros. For the three months and the six months ended June 30, 2007, the Loss from Discontinued Operations includes revenue of zero and $200,000, respectively, reduced by expenses related to the operation and disposal of our bio-pharmaceutical business.

**Liquidity And Capital Resources**

As of June 30, 2008, we had $202,715 in cash and had a working capital deficit of $6,874,541. Since our inception, we have financed our operations primarily through private sales of equity and debt financing.

Our ability to fund our liquidity and working capital needs will be dependent upon certain pending and potential transactions. The principal pending transaction is the sale of certain of our legacy pharmaceutical assets. In July 2007, we executed an Asset Sale Agreement with Eucodis pursuant to which we agreed to sell our SaveCream asset for an aggregate of €4,007,534 (or approximately U.S. $6,331,904 based on the currency conversion rate of $1: €1.58, in effect as of June 30, 2008). Earlier this year, we entered into a letter agreement with Eucodis pursuant to which we agreed that the price for the assets (€4,007,534) would remain the same, but that the amount indebtedness that Eucodis is required to assume will be reduced by €332,875, and the amount to be paid at closing would be increased by this €332,875. The closing of the sale to Eucodis was scheduled to occur in April 2008. The closing did not occur, and the letter agreement with Eucodis expired. All discussions and agreements were terminated in July 2008 due to the inability of Eucodis to obtain their own financing. As a result of the failed funding of Eucodis they were forced to cease their operations. However, the principal of Eucodis has agreed to continue to work with the Company in connection with the sale of the Company’s legacy assets to other third parties.

We are currently in discussions to sell one of the SaveCream patents (the cosmetic application) for approximately €200,000, as well as selling the entire SaveCream patent portfolio. Any such sale(s) would provide additional short-term capital. However, no assurance can be given that either the sale of the cosmetics patent or the sale of the remaining SaveCream assets will actually be completed in the near future, or ever.

In September 2007 we entered into the Loan Agreement with Mercator Momentum Fund III, L.P. (“Mercator”). Pursuant to the loan agreement, Mercator made available to us a secured term credit facility in principal amount of up to $1,000,000. Interest was payable on the Loan at a rate of 12% per annum. On May 19, 2008, we drew down an additional $250,000 under this credit facility, making the aggregate balance outstanding $450,000. In addition, the Loan Agreement was amended to provide for interest at an interest rate of 8.68% per annum on the new outstanding principal balance of $450,000. This amount outstanding under the credit facility originally was scheduled for repayment on August 19, 2008, however, the maturity date has been extended to September 19, 2008.

In April 2008, we formed GCE Mexico I, LLC, our new joint venture ("GCE Mexico"), with certain other investors. Pursuant to the operating agreement of GCE Mexico, certain investors who hold preferred membership interests in GCE Mexico agreed to make capital contributions (of approximately $2.1 million) to fund the operating costs of GCE Mexico, and agreed to loan approximately $2 million to GCE Mexico to be used in connection with the acquisition of land for purposes of our Jatropha Business. On April 29, 2008, shortly following the formation of GCE Mexico, these preferred members made an initial capital contribution of $957,191 to GCE Mexico I, LLC, which proceeds are being utilized toward development of our Jatropha Business, and made a loan to GCE Mexico of $2,051,282 that was used for the purchase of approximately 5,000 acres of land in Mexico.

During 2008, we have been funding our operations from the Mercator loans, and from the proceeds of the sale of the Series B Convertible Preferred Stock (in November 2007, we issued 13,000 shares of our newly created Series B Convertible Preferred Stock to two accredited investors for an aggregate of $1,300,000.) However, we do not have sufficient cash to continue our current operations past September 2008 and our business plan calls for significant infusion of additional capital to establish additional Jatropha farms in Mexico and other locations. Because of our negative working capital position, we currently do not have the funds necessary to acquire and cultivate additional Jatropha farms, nor will the projected proceeds from the SaveCream sale be sufficient for those purposes. Accordingly, we will have to obtain significant additional capital through the sale of additional equity and/or debt securities, the forward sale of Jatropha oil and carbon offset credits, and from other financing activities, such as strategic partnerships and joint ventures similar to GCE Mexico. While we have commenced negotiations with third parties to obtain additional funding from strategic partnerships and for the sale of carbon credits, no assurance can be given that we will have sufficient capital available to continue to operate our business until the end of 2008 or that we will be able to effect our new business plan in the Jatropha Business. If we are not able to raise additional funds in the near term, we may have to reduce our operations, revise our business plan, and either temporarily or permanently cease operations.

We have no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**.

Not applicable.

**ITEM 4T. CONTROLS AND PROCEDURES.**

**Evaluation Of Disclosure Controls**.

Our management evaluated the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, as required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Based on that evaluation, we have concluded that as of the end of the period covered by this quarterly report, our disclosure controls and procedures are effective at a reasonable assurance level in ensuring that information required to be disclosed by us in our reports is recorded, processed, summarized and reported within the required time periods. The foregoing conclusion is based, in part, on the fact that we are a small public company in the development stage of our new Jatropha Business, with no current revenues and only 2 employees, as of June 30, 2008. In addition, to date, we have outsourced all of our accounting and bookkeeping functions to a third-party accounting firm.

**Management's Report On Internal Control Over Financial Reporting**.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that: (i) pertain to maintaining records that, in reasonable detail, accurately and fairly reflect our transactions; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements and that receipts and expenditures of company assets are made in accordance with management authorization; and (iii) provide reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

As of the end of the period covered by this quarterly report, we have concluded that our internal controls over financial reporting are effective at a reasonable assurance level in ensuring that information required to be disclosed by us in our reports is recorded, processed, summarized and reported within the required time periods. The evaluation of our internal controls over financial reporting was based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

*Limitations on the Effectiveness of Internal Controls*. Our management does not expect that our internal control over financial reporting will necessarily prevent all fraud and material error. Our internal controls over financial reporting are designed to provide reasonable assurance of achieving our objectives. We have concluded that our internal controls over financial reporting are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

*Changes in Internal Controls*. There was no change in the Company's internal control over financial reporting during the three months ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

## PART II

**ITEM 1. LEGAL PROCEEDINGS**.

There have been no material developments with respect to any of the legal proceedings described in our previously filed Annual Report on Form 10-KSB.

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

Effective April 18, 2008, we entered into an exchange agreement ("Exchange Agreement") with Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., and Monarch Pointe Fund, Ltd. (collectively, "MAG Funds"), the holders of our issued and outstanding Series A Convertible Preferred Stock ("Series A Stock"). Pursuant to the

Exchange Agreement, the MAG Funds exchanged 28,927 shares of Series A Stock, constituting all of the issued and outstanding shares of Series A Stock, for an aggregate of 28,927,000 shares of our common stock. The exchange ratio was determined by dividing the $100 purchase price of the shares (the "Series A Purchase Price" as defined in Certificate of Designations of Preferences and Rights for the Series A Stock) by $0.10.

Effective May 19, 2008, we issued to Mercator Momentum Fund III, L.P. warrants to acquire up to 581,395 shares of our common stock. The warrants were issued at an exercise price of $0.129 per share of common stock, and expire two years following the date of issuance, i.e., on May 19, 2010.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**.

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**.

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

| | |
|---|---|
| 10.18 | Amendment to Loan and Security Agreement, dated September 7, 2007, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P.* |
| 31.1 | Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 * |
| 31.2 | Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 * |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |

*Filed herewith

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**SIGNATURES**

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

| | | |
|---|---|---|
| | GLOBAL CLEAN ENERGY HOLDINGS, INC. | |
| Date: August 13, 2008 | By: | /s/ Bruce K. Nelson<br>Bruce K. Nelson<br>Chief Financial Officer |

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