Global Clean Energy Holdings, Inc.
Form 10KSB
March 31, 2008

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

FORM 10-KSB

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x **ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2007

o **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number: **0-12627**

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

Utah	**87-0407858**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

6033 W. Century Blvd, Suite 1090,
Los Angeles, California 90045
(Address of principal executive offices)

(310) 670-7911
Issuer's telephone number:

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

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

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. ¨

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10KSB or any amendment to this Form 10KSB. x

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

The issuer had $200,000 of revenues for its most recent fiscal year.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, as of March 27, 2008, was $6,685,065.

As of March 27, 2008, the issuer had 197,676,560 shares of common stock outstanding, which includes 22,837,593 shares of common stock currently held in escrow.

Transitional Small Business Disclosure Format: Yes ¨ No x

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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 n or other comparable terminology. Although we believe that the expectations reflected in the Forward-Looking Statements contained herein are reasonable, there can be no assurance that such expectations or any of the Forward-Looking Statements will prove to be correct, and actual results could differ materially from those projected or assumed in the Forward-Looking Statements. Future financial condition and results of operations, as well as any Forward-Looking Statements are subject to inherent risks and uncertainties, including any other factors referred to in our press releases and reports filed with the Securities and Exchange Commission. All subsequent Forward-Looking Statements attributable to the company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are described under "Risk Factors" and elsewhere in this report.

Introductory Comment

Throughout this Annual Report on Form 10KSB, the terms "we," "us," "our," and "our company" refer to Global Clean Energy Holdings, Inc., a Utah corporation, and, unless the context indicates otherwise, also includes the following wholly-owned subsidiaries: (i) MDI Oncology, Inc., a Delaware corporation, and (ii) Global Clean Energy Holdings LLC, a Delaware limited liability company. During the fiscal year covered by this Annual Report on Form 10-KSB, we were known as "Medical Discoveries, Inc." We changed our name to Global Clean Energy Holdings, Inc. on January 29, 2008.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

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. Bio-diesel is a diesel-equivalent processed fuel derived from biological sources (such as plant oils), which can be used in diesel engines.

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.

In October 2007, we relocated our principal executive offices from 1338 S. Foothill Drive, #266, Salt Lake City, Utah 84108 to 6033 W. Century Blvd, Suite 1090, Los Angeles, California 90045. Our telephone number is (310) 670-7911, and our website is located at www.gceholdings.com. Our annual reports on Form 10-KSB, quarterly reports on Form 10-QSB, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended, and other related information are available, free of charge, on our website as soon as we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Internet websites and the information contained therein, or connected thereto, are not and are not intended to be incorporated into this Annual Report on Form 10-KSB or any other Securities and Exchange Commission filing.

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. MDI-P is a drug candidate that we were developing as an anti-infective treatment for bacterial infections, viral infections and fungal infections. SaveCream is a drug candidate that we were developing to reduce breast cancer tumors. 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. In the past, we attempted to fund our development costs through the sale of equity securities and the placement of debt, including the sale of our Series A Convertible Preferred Stock. We had not, however, generated significant revenues from operations or realized a profit. Through December 31, 2007, we had incurred cumulative net losses of more than $26 million since inception.

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. The Board noted that the commencement of human clinical trials of the MDI-P drug candidate was on Full Clinical Hold by the FDA under 21 CRF 312.42(b) and would not be initiated until deficiencies in our IND application were resolved to the FDA's satisfaction. We considered the uncertainty of the efficacy and safety of the MDI-P compound, the costs involved in further developing the compound and the limited market, and thereafter concluded that we did not have the capability or capacity to take the MDI-P compound to commercialization. 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 for an aggregate of €4,007,534 (approximately U.S. $6,089,000 based on the currency conversion rate in effect as of March 3, 2008), which consideration is payable in cash and by the assumption of certain of our outstanding liabilities. On January 29, 2008, our shareholders approved the sale of the SaveCream asset to Eucodis. The sale of the SaveCream assets currently is anticipated to occur in April 2008. For further developments on the sale of the SaveCream asset and the transactions with Eucodis, please see "Item 1. Description of Business – Recent Developments –Pending Sale of Bio-Pharmaceutical Assets."

We also entertained various offers to purchase our rights to the MDI-P compound. On August 9, 2007, we sold the MDI-P compound for $310,000 in cash.

Having agreed to dispose of the foregoing assets, we considered entering into a number of other businesses that would enable us to be able to provide our shareholders with future value. Our Board subsequently 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"). Our 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 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. See, "Item 1. Description of Business — The Jatropha Business," below.

Recent Developments.

Name Change

On January 29, 2008, at a special meeting, our shareholders voted to approve certain amendments to our charter, including, changing the name of the company to "Global Clean Energy Holdings, Inc." The name change is intended to reflect our new focus on the bio-diesel alternative energy market.

Pending Sale of Bio-pharmaceutical Assets

On July 6, 2007, we entered into a sale and purchase agreement (as amended, the "SaveCream Asset Sale Agreement") with Eucodis, pursuant to which Eucodis agreed to acquire our SaveCream assets in consideration for a cash payment and the assumption by Eucodis of certain of our current indebtedness (such transactions, collectively, the "SaveCream Asset Sale"). The purchase of the SaveCream assets was scheduled to occur at the end of January 2008 after our shareholders approved the sale. On January 29, 2008, our shareholders voted to approve the sale of the SaveCream asset to Eucodis. However, shortly before the scheduled closing, Eucodis informed us that it was unable to complete the acquisition as agreed because it had insufficient funds and that it needed to obtain additional financing. Accordingly, the closing had to be postponed until Eucodis completed the required financing.

On February 29, 2008, Eucodis informed us 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 initial SaveCream Asset Sale Agreement, and (ii) that it still desired to complete the transaction contemplated by the SaveCream Asset Sale Agreement. Accordingly, on February 29, 2008, we prepared a letter agreement (the "Letter Agreement") again agreeing to sell the SaveCream assets to Eucodis on substantially the terms set forth in the SaveCream Asset Sale Agreement. The letter agreement was countersigned by Eucodis on March 3, 2008.

Under the Letter Agreement, we agreed to sell the SaveCream assets to Eucodis for the same price as the initial SaveCream Asset Sale Agreement and on substantially the same terms as that initial agreement. Under the initial SaveCream Asset Sale Agreement, Eucodis had agreed to pay 4,007,534 euros (or U.S. $6,089,000 based on the currency conversion rate in effect as of March 3, 2008), comprising a cash payment of 1,538,462 euros, and Eucodis' assumption of certain of our obligations and liabilities aggregating 2,469,072 euros. Under the letter agreement, Eucodis will continue to pay us 4,007,534 euros for the assets, of which 1,538,462 euros (less $200,000 already received from Eucodis in March 2007) is required to be paid at the closing. However, the amount our indebtedness that Eucodis is required to assume will be reduced by 332,875 euros, and Eucodis will be required to pay us an 332,875 additional euros at the closing. Accordingly, at the closing, we will receive a total of 1,871,337 euros (or approximately U.S. $2,642,000 based on the currency conversion rate in effect as of March 3, 2008). Except as set forth herein, the purchase and sale of the SaveCream assets will be effected substantially in accordance with the SaveCream Asset Sale Agreement. The closing of the sale to Eucodis is currently scheduled to occur at such time as Eucodis completes its financing, but in no event later than April 30, 2008.

The assets to be acquired by Eucodis pursuant to the SaveCream Asset Sale Agreement include all of our right, title and interest in all patents, patent applications, regulatory files, pre-clinical study data, anecdotal clinical trial data, and our rights under certain other contracts relating to our "SaveCream" drug candidate. We acquired SaveCream and certain other related intellectual property assets from the liquidator of Savetherapeutics AG i.L., a German company, pursuant to a certain asset purchase agreement dated as of March 11, 2005.

As we have previously disclosed in our filings with the Securities and Exchange Commission, in 2006 we had entered into a Definitive Master Agreement (the "License Agreement") with Eucodis pursuant to which we licensed to Eucodis the exclusive right to develop, manufacture and commercialize our SaveCream drug candidate in the European Union and certain surrounding countries. Under the License Agreement Eucodis was obligated to develop the products through Phase II clinical trials in accordance with U.S. Food and Drug Administration and European Medicines Agency standards. Because Eucodis had notified us in January 2008 that it needed to obtain additional funding to continue its operations and, because of a lack of financing that it had suspended and discontinued its business operations, on February 27, 2008 we notified Eucodis that, pursuant to Sections 4.5(d) and 15.2 of the License Agreement, the License Agreement was terminated. Accordingly, all rights to the SaveCream rights have reverted to us and, if Eucodis does not complete the purchase of the SaveCream assets in accordance with the Letter Agreement, we will be the sole owner of all of the SaveCream rights.

The intellectual property assets that we currently own relating to the SaveCream drug, include the following patents:

- "Substances and Agents for Positively Influencing Collagen." This includes a EU patent application and a Canadian patent.

- "Topical Treatment for Mastalgia." This includes U.S. patent application 10/416,096 filed October 30, 2001, and a European Union patent application.

- "Medicament for Preventing and/or Treating a Mammary Carcinoma Containing a Steroidal Aromatase Inhibitor." This includes a U.S. patent application, No. 09/646,355, filed November 16, 2000 and divisional and continuation applications based upon the initial application.

- "Aromatase Marking." This includes a U.S. Patent application, No. 10/487,953, filed August 28, 2002, as well as a European Union patent application.

In the event that the pending sale to Eucodis is not completed, we will attempt to license or otherwise dispose of those assets. We do not currently have any alternate purchasers for those assets, and we have not yet engaged any investment banker or other agent to assist us with the sale of our SaveCream assets should the Eucodis sale not be completed.

Global Clean Energy Holdings, LLC — Share Exchange Agreement

In connection with our efforts to commence the Jatropha Business, on September 7, 2007, we entered into a share and exchange agreement (the “Global LLC Agreement”) pursuant to which we acquired all of the outstanding ownership interests in Global Clean Energy Holdings, LLC, a Delaware limited liability company (“Global LLC”). Global LLC is a company that owns 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 seed of the Jatropha plant, for the purpose of providing feedstock oil intended for the production of bio-diesel. Richard Palmer and Mobius Risk Group, LLC, a Texas limited liability company engaged in providing energy risk advisory services (“Mobius”), were the sole owners of the outstanding equity interests of Global LLC. Richard Palmer was also a member of Global LLC.

In exchange for all of the outstanding ownership interests in Global LLC, we issued 63,945,257 shares of our common stock to Richard Palmer and Mobius. The shares issued to Mr. Palmer and Mobius in the acquisition of Global LLC represented 35% of our outstanding shares of common stock immediately after the acquisition (excluding the shares of Series A Convertible Preferred Stock). Of the 63,945,257 shares issued under the Global LLC Agreement, 36,540,146 shares were issued and delivered to Mr. Palmer (5,220,021 shares) and Mobius (31,320,125 shares) at the closing of the Global LLC Agreement without any restrictions. The remaining 27,405,111 shares of common stock were, however, issued as restricted shares, subject to forfeiture in the event that certain specified performance milestones are not achieved. The restricted shares are being held by us in escrow until such shares are either released or cancelled. An aggregate of 23,490,095 restricted shares were issued to Mobius, and 3,915,016 restricted shares were being issued to Palmer. If and when certain specified milestones are achieved, the restricted shares will be released and delivered to Mr. Palmer and Mobius in accordance with the terms and conditions of the Global LLC Agreement. During the time that the restricted shares are restricted and subject to forfeiture, the restricted shares shall be outstanding shares for all purposes and shall be entitled to vote and receive dividends, if any are declared. As of December 31, 2007, a total of 4,567,518 of Mr. Palmer and Mobius’ restricted shares were released from the restrictions and delivered on a pro rata basis per the terms of the Global LLC Agreement to Mr. Palmer and Mobius.

In order to obtain the expertise necessary to exploit the assets we acquired under the Global LLC Agreement, we also entered into an employment agreement with Richard Palmer, and a consulting agreement with Mobius.

Employment Agreement

On September 7, 2007, we entered into an employment agreement (effective as of September 1, 2007) with Richard Palmer pursuant to which we hired Mr. Palmer to serve as our President and Chief Operating Officer. Mr. Palmer was also appointed to serve as director on our Board to serve until the next election of directors by our shareholders. Effective December 21, 2007, upon the resignation of Judy Robinett (our immediately prior Chief Executive Officer), and in accordance with the terms of the employment agreement, Mr. Palmer became our Chief Executive Officer. We 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. See, “Item 10. Executive Compensation — Employment Agreement.”

Loan Agreement

In order to fund our operations pending the closing of the SaveCream Asset Sale Agreement, on September 7, 2007, we entered into a loan and security agreement ("Loan Agreement") with Mercator Momentum Fund III, L.P., a California limited partnership, pursuant to which Mercator Momentum Fund III, L.P. made available to us a secured term credit facility in the aggregate principal amount of $1,000,000 (the "Loan"). Interest is payable on the Loan at a rate of 12% per annum, payable monthly. We have agreed not to request any further advances under the Loan Agreement. As of March 27, 2008, the remaining outstanding principal balance of amounts we borrowed under the Loan Agreement was $200,000. The Loan currently matures and becomes due and payable on June 21, 2008. The Loan is secured by a first priority lien on all of our assets. Mercator Momentum Fund III, L.P. and its affiliates currently own all of the issued and outstanding shares of Series A Convertible Preferred Stock. We have used the proceeds of the Loan to fund our working capital needs.

Series B Preferred Stock

In order to obtain additional working capital, on November 6, 2007, we entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with two accredited investors, pursuant to which we sold a total of 13,000 shares of our newly authorized Series B Convertible Preferred Stock ("Series B Shares") for an aggregate purchase price of $1,300,000. Each share of the Series B Shares has a stated value of $100. The two purchasers of our Series B Shares are parties, which we expect to be engaged in our Jatropha Business in Mexico.

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

Each holder of Series B Shares is entitled to the number of votes equal to the number of shares of our common stock into which the Series B Shares could be converted on the record date for such vote, and shall have voting rights and powers equal to the voting rights and powers of the holders of our common stock. In the event of our dissolution or winding up, each share of the Series B Shares is entitled to be paid an amount equal to $100 (plus any declared and unpaid dividends) out of the assets of our company then available for distribution to shareholders; subject, however, to the senior rights of the holders of our Series A Convertible Preferred Stock.

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

Judy Robinett Resignation

On August 31, 2007, we entered into a release and settlement agreement (effective as of September 7, 2007) ("the Release and Settlement Agreement") with Judy Robinett, our former Chief Executive Officer, pursuant to which Ms. Robinett agreed to continue to act as our transitional Chief Executive Officer. Ms. Robinett also acted as our interim Chief Financial Officer until her resignation. Under the agreement, Ms. Robinett agreed to, among other things, assist us in the sale of our legacy bio-pharmaceutical assets, complete the preparation and filing of the delinquent SEC Reports that related to the periods prior to the date of the agreement, deal with our creditors and handle our creditor issues, and to assist in maintaining our relations with our shareholders.

Effective December 21, 2007, upon the completion of the foregoing matters, Ms. Robinett resigned as our Chief Executive Officer and from our Board, and Mr. Palmer became our Chief Executive Officer. For additional details on Ms. Robinett's release and settlement agreement, please see "Item 10. Executive Compensation – Judy Robinett Employment and Resignation Agreements."

The Jatropha Business.

Business Strategy

As of September 7, 2007, the day on which we entered into the Global LLC Agreement, we changed the business of our company to focus on the cultivation of non-edible feedstock for certain applications in the biofuels market. In particular, we anticipate that our core activities in the future will include the planting, cultivation, harvesting and processing of Jatropha plant feedstock to generate seed oils and biomass for use in the biofuels industry, including the production of bio-diesel and certain other biofuels.

Bio-diesel is a diesel-equivalent, processed fuel derived from biological sources (such as plant oils), which can be used in diesel engines and as a replacement for fuel oil. The term “biofuels” refers to a range of biological based fuels including biodiesel, synthetic diesel, ethanol and biomass, most of which have environmental benefits that are the major driving force for their introduction. Using biofuels instead of fossil fuels reduces net emissions of carbon dioxide and other green house gases, which are associated with global climate change. Biofuels further the concept of energy independence and environmental responsibility, while generating new jobs in new markets. This creates a social, environmental and economic gain from the production, distribution and end use of biofuels. As the world consumes larger volumes of fossil fuels, and further depletes the supplies of such fossil fuels, alternate sources of energy need to be developed to support growing economies.

We have identified the *Jatropha curca*s plant as our primary feedstock for producing bio-diesel and other biofuels. The Jatropha plant is a perennial plant that produces an inedible fruit with large seeds containing a high percentage of high quality inedible oil. The entire fruit, including the seeds, has excellent properties necessary for the production of biofuels. Our current business plan proposes to utilize the entire fruit of the Jatropha plant for biofuel production, including the oils produced from the fruit, as well as the hull, seed cover, seed oil and seed cake.

In connection with our new feedstock operations, we have identified strategic locations in North America, the Caribbean, Central America and South America ideally suited to our proposed planting, cultivation, harvesting and processing activities, in which we plan to establish cultivation, harvesting and processing operations. All of the areas identified have been selected for a number of key strategic reasons, including proximity to large ports for logistics purposes, relatively stable democratic governments, favorable trade agreements with the United States, low-cost land, reasonably priced labor, favorable weather conditions and acceptable soil conditions.

The Jatropha plant is indigenous to Mexico, and we have decided to initiate implementation of our new business plan and related agricultural development activities in Mexico. Our business plan proposes to establish a nursery in which we will initially grow and cultivate Jatropha seedlings prior to transferring them to the plantation for further growth and cultivation. We negotiated a lease for approximately 28 hectares of land in the Yucatan Peninsula, on which we have set up our initial Jatropha nursery and a plant breeding test farm. We have already begun planting a wide range of varieties of Jatropha curcas and at full planting expect to have over 13 different varieties when the entire 28 hectacre field is planted. The breeding research and development program on this property will be used to understand the growing patterns of various varieties of Jatropha, obtained from all over the world, and evaluate and maximize how they grow in the climate of the Yucatan.

We have identified a wide range of varieties of the Jatropha plant in Mexico, which we are currently propagating and studying. Our research and development activities will focus on plant and soil sciences, plant breeding and other related activities. We plan to study and identify the proper mix of Jatropha varieties, as well as optimum growth conditions, in order to maximize our output of the Jatropha fruit and seed oil.

In addition, we have identified 2,081 hectares of land (approximately 5,000 acres) in the State of Yucatan, Mexico, which we believe is ideal for establishing and maintaining what we plan to be the first of several multi-thousand hectare plantations in which we will cultivate the Jatropha plant. Our business plan is to acquire the rights to use up to 20,000 hectares in Mexico, by the end of our 2008 fiscal year for purposes of setting up plantations on which we will cultivate the Jatropha plant. We anticipate that the 2,081 hectares will yield 1-2 million gallons of feedstock oil when fully planted with mature plants.

We are also evaluating other locations in the Caribbean, Central America and South America for purposes of establishing Jatropha plantations, and we plan to have a Jatropha plantation and related operations in a location outside of Mexico by the end of our 2009 fiscal year.

Our business plan also proposes the construction of a seed oil extracting facility in which we would extract the feedstock oil from the Jatropha seed, and collect the remaining biomass for sale to interested buyers. We have not yet identified a location for the seed oil extracting facility; however, we plan to locate the facility relatively close to the ultimate end user of the biomass in order to minimize the costs and logistics of transporting the biomass to prospective buyers.

We anticipate that our primary focus will be in the feedstock oil market, and our operations will primarily comprise the planting, harvesting and sale of feedstock oil to end users in the energy industry for production of bio-diesel and other biofuels. In the short term, while developing Jatropha plantations, we expect to generate cash through our forward sale contracts for feedstock oil and biomass to be produced at our facilities, and the potential sale of carbon offset credits.

Depending on future economic, political and other factors, we may in the future expand our operations beyond the feedstock oil market. For example, our business plan contemplates the possibility of entering into a joint venture for the constructing a bio-diesel refinery in which we would produce bio-diesel using the feedstock oil that we produce. In any event, we anticipate we will still remain a feedstock oil company primarily, and that our bio-diesel production, if any, would be derived from only a portion of the feedstock oil we produce. If economic and other factors at the time encourage us to invest in bio-diesel production, we anticipate that we may develop or acquire additional refining capacity in other strategic locations.

Our employees, advisors and consultants are senior energy professionals with extensive experience in the energy and biofuels market, the production of bio-diesel and in the renewable energy sector in general.

We are still a development stage company, and we anticipate that it will require significant time and capital to develop our new operations into a stable and profitable business.

Principal Products

The production of biofuels feedstock is primarily a logistical agricultural operation. It needs to be supported with strong plant and soils sciences to improve productivity, quality and plant stability. The *Jatropha curcas* plant will be our primary agricultural focus. The Jatropha plant is a perennial, inedible plant, and all of its by-products can be used for fuel and biomass energy production. It is a very efficient plant that produces high quality seed oil and high-energy content biomass.

Bio-diesel Oil Feedstock

The feedstock oil needed for the production of bio-diesel that is currently available on the market today is primarily supplied from edible plant seed oils including soy, canola (rapeseed) and palm. There are other types of feedstock utilized including animal fats and recycled cooking grease, but they make up a small portion of the market supply. Our primary source of bio-diesel feedstock will be from the oil produced from the Jatropha plant. One advantage of the Jatropha plant is that it's oil and meal is inedible, and the cultivation of the plant, which will primarily be for use in the biofuels industry, does not compete for resources with other crops grown primarily for food consumption. Since the Jatropha plant does not compete with land or other resources used in food crop development, it is an additional feedstock supply, growing the base and the market capacity.

Biomass Feedstock

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

Carbon Credits

Biofuels production and use is a very effective means to reduce both local and global pollution from emissions that cause climate change. Growing trees and plants which sequesters carbon from the atmosphere and burning biofuels offsets the production of greenhouse gasses resulting from the consumption of petroleum or other fossil-based fuels. Many biofuels produce less pollution, including CO_2, NO_x, SO_x and PM_{10}. Through the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change (Kyoto Protocol), signatory countries are required to reduce their overall greenhouse gas emissions, or carbon footprint. As of November 2007, 174 parties are signatories to and have ratified the Kyoto Protocol. The United States of America is not a signatory to the Kyoto Protocol. Signatory countries require local industry and other local energy end-users to either reduce their greenhouse gas emissions, or purchase greenhouse gas emission credits (carbon credits). This requirement has created a worldwide “Carbon Credit Trading Market” where sellers sell their excess carbon credits and buyers purchase the carbon credits they need to meet their greenhouse gas reduction requirements. The development of agricultural-based energy projects may produce carbon credits through the sequestration (storing) of carbon by the growing of trees and plants, or by the offset of other sequestered carbon. Selling carbon credits represents potential additional revenue that will help to offset capital requirements for our plantation and other development activities.

In our case, Certified Emission Reductions (CERs) may be generated through Clean Development Mechanism projects in non-Annex 1 nations, which include Mexico, the Caribbean, Central and South America. Assuming full capacity at a 20,000-hectare Jatropha plantation, we estimate that we could generate more than 100,000 metric tons of sellable carbon credits annually.

Technology

Although we do not currently possess any patentable technology relating to our operations in the feedstock and biofuels market, we may develop technology as we design and implement our business plan. Any technology we develop will be in three main categories: (i) plant sciences, (ii) agricultural development, and (iii) material processing and end use applications. Such technologies developed are expected to assist in reducing costs, improving efficiency and allowing us to move the products higher in value creation. We also may pursue patentable technologies, processes and plant varieties

Operations in Mexico

We have negotiated a lease for a parcel of approximately 28 hectares of land in Mexico, and have constructed our first nursery facility and plant research planting operation. We have retained a Mexican law firm to represent our interests in Mexican legal matters related to our operations in Mexico.

Lodemo Services Agreement

In order to operate the Jatropha cultivation and production business in Mexico will require a large investment in management, personnel, offices, logistical support and facilities. In addition, successful operations in Mexico will also require an understanding of local rules, laws and business practices. Since we do not have either the resources in Mexico or the understanding of local laws and business practices, we have decided to engage a large, reputable local operator to conduct actual day-to-day operation of our Mexico operations for us. Accordingly, on October 15, 2007, we entered into a Service Agreement (the “Lodemo Agreement”) with Corporativo LODEMO S.A DE CV, a Mexican corporation (the “Lodemo Group”) in connection with our new Jatropha Business. The Lodemo Group is a privately held Mexican company with substantial land holdings, significant experience in fuel distribution and sales, liquids transportation, logistics, land development and agriculture that is capable of providing the logistical and other services we need to operate a large-scale farming and transportation business in Mexico.

Under our supervision, the Lodemo Group will be responsible for the establishment, development, and day-to-day operations of our 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 our oil extraction facilities, and the logistics associated with the foregoing. Although the Lodemo Group will be responsible for identifying and acquiring the farmland, ownership of the farmland or any lease thereto will be held directly by us. The Lodemo Group will be responsible for hiring and managing all necessary employees. We will bear all direct and budgeted costs of the Jatropha Business in Mexico.

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. We have 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 we may terminate under certain circumstances. The Lodemo Group also will potentially receive incentive compensation for controlling costs below the annual budget established by the parties, production incentives for increase yield and a sales commission for biomass sales.

Jatropha Administrative Assistance—Mobius Consulting Agreement

Until we can further supplement our Jatropha Business with in-house personnel, we will need to obtain third party assistance with managing and supervising the creation, planning, construction, and planting or nurseries, seed production plantations and Jatropha plantations in the geographical areas that we intend to operate in (including South Texas and the Yucatan Peninsula of Mexico). In order to obtain the foregoing services, in September 2007 we entered into a consulting agreement with Mobius pursuant to which Mobius has agreed to provide consulting services to us in connection with our new Jatropha Business. We engaged Mobius as consultant to obtain Mobius' experience and expertise in the feedstock/bio-diesel market to assist us in developing our new business operations. Mobius' compensation for the services provided under the consulting agreement is a monthly retainer of $45,000; the term of the Mobius consulting agreement is twelve months, or such shorter period until the scope of work under the agreement has been completed.

Market

According to U.S. Department of Energy estimates, the world demand for crude oil in 2006 was approximately 85 million barrels per day, with approximately 25% of that demand being diesel and fuel oil (distillate fuel oil). This equates to a global consumption of distillate fuel oil of approximately 21 million barrels per day, or 325 billion gallons per year. At a 5% blend with biodiesel, the world market for biodiesel exceeds 16 billion gallons per year.

U.S. distillate fuel oil consumption for 2005 was 4.12 million barrels per day, which equates to over 60 billion gallons of diesel and fuel oil consumed annually. At a 5% biodiesel blend, the US biodiesel market is over 3 billion gallons per year and growing.

In 2004, 32 U.S. biodiesel refineries produced approximately 30 million gallons of neat (100%) bio-diesel fuel. In 2005, 50 refineries produced approximately 75 million gallons and in 2006 approximately 250 million gallons were sold. It is expected that in 2007 over 300 million gallons of bio-diesel fuel will be produced and consumed domestically, with an unconfirmed, but announced, biodiesel refinery construction exceeding a total U.S. domestic refining capacity of 1 billion gallons.

Direct Sales

Based on our current business plan, our primary market will be in the direct sale of Jatropha feedstock oil for bio-diesel production and biomass energy production, and the sale of carbon credits. Our primary customers will be refiners of bio-diesel. We estimate that there are approximately 165 bio-diesel plants in the United States alone, which can utilize up to 100% of our crude or refined Jatropha oil.

We will generate our highest revenues and greatest margins from customers who have logistical capacity on a water port accessible from the Gulf of Mexico. This will reduce redundant transportation costs, and allow us to ship large quantities economical. These customers have historically paid a higher price for feedstock oil, since the majority of feedstock oil supplies has been shipped from the Midwestern United States. We anticipate that our key customer profile will include well-financed, low-cost bio-diesel refiners.

Distributor Sales

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

Environmental Impact

Biofuels, including bio-diesel, have environmental benefits that are a major driving force for their introduction. Using biofuels instead of fossil fuels reduces net emissions of carbon dioxide and other greenhouse gasses, which are associated with global climate change. Biofuels are produced from renewable plant resources that “recycle” the carbon dioxide created when biofuels are consumed. Life-cycle analyses consistently show that using biofuels produced in modern facilities results in net reductions of greenhouse gas carbon emissions compared to using fossil fuel-based petroleum equivalents. These life-cycle analyses include the total energy requirements for the farming and production of the biomass resource, as well as harvesting, conversion and utilization. Biofuels help nations achieve their goals of reducing carbon emissions. Biofuels burn cleanly in vehicle engines and reduce emissions of unwanted products, particularly unburned hydrocarbons and carbon monoxide. These characteristics contribute to improvements in local air quality. In a life-cycle study published in October 2002, entitled “A Comprehensive Analysis of Bio-diesel Impacts on Exhaust Emissions, 2002,” the U.S. Environmental Protection Agency (“EPA”) analyzed bio-diesel produced from virgin soy oil, rapeseed (canola) and animal fats. The study concluded that the emission impact of bio-diesel produced slightly increased NOx emissions while significantly reducing other major emissions.

Competition

Although there are a number of producers of biofuels, few are utilizing non-edible oil feedstock for the production of bio-diesel. The following table lists the companies we are aware of that are cultivating Jatropha for the production of bio-diesel:

British Petroleum (UK)	Plans to establish 100,000 hectares of Jatropha plantations in Indonesia to feed the 350,000-tonne-per-year biodiesel refinery that it is building in the country.
Van Der Horst Corporation (Singapore)	Building a 200,000-tpy biodiesel plant in Juron Island in Singapore that will eventually be supplied with Jatropha from plantations it operates in Cambodia and China, and possible new plantations in India, Laos and Burma.
Mission Biofuels (Australia)	Hired Agro Diesel of India to manage a 100,000-heactare Jatropha plantation, and a contract farming network in India to feed its Malaysian and Chinese biodiesel refineries. Mission Biofuels has raised in excess of $80 million to fund its operations.
D1 Oils (UK)	As of June 2007, together with its partners, D1 Oils has planted or obtained rights to offtake from a total approximately 172,000 hectares of Jatropha under cultivation worldwide. D1's Jatropha plantations are located in Saudi Arabia, Cambodia, Ghana, Indonesia, the Philippines, China, India, Zambia, South Africa and Swaziland. In June 2007, D1 Oils and British Petroleum entered into a 50:50 joint venture to plant up to an additional 1 million hectares of Jatropha worldwide. British Petrolum funded the first £31.75 million of the Joint Venture's working capital requirements through a purchase of D1 Oils equity, and the total Joint Venture funding requirement is anticipated to be £80 million over the next five years.
NRG Chemical Engineering (UK)	Signed a $1.3 billion deal with state-owned Philippine National Oil Co. in May 2007. NRG Chemical will own a 70% stake in the joint venture which will involve the construction of a biodiesel refinery, two ethanol distilleries and a $600 million investment in Jatropha plantations that will cover over 1 million hectares, mainly on the islands of Palawan and Mindanao.

1 hectare = 2.47 acres

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

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

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Employees.

As of March 27, 2008, we had three (3) employees, including Richard Palmer, our President and Chief Executive Officer.

During the initial development of our Jatropha Business, most of our Jatropha-related services are being provided to us by the Mobius Risk Group and the Lodemo Group. In addition, certain of our accounting and other administrative functions are also currently being provided to us by consultants. At such time as capital resources permit, we will hire full-time employees to assume these positions.

RISK FACTORS

Risks Relating to Our Business

We have no direct operating history in the feedstock and bio-diesel industries, which makes it difficult to evaluate our financial position and our business plan.

Until early in 2007, we were a development stage bio-pharmaceutical company engaged in developing two potential drug candidates. Since our inception through December 31, 2007, we generated only $1,157,000 of revenues and accumulated net losses of over $26 million. During 2007, we terminated our operations as a bio-pharmaceutical company and have commenced developing a new business in the biofuels industry. However, since we have only recently commenced our operations as a biofuels company and have not yet generated any revenues from our new operations, we have no operating history in that line of business on which a decision to invest in our company can be based. The future of our company currently is dependent upon our ability to implement our new business plan in the Jatropha Business. While we believe that our business plan, if implemented as drafted, will make our company successful, we have no operating history against which we can test our plans and assumptions, and therefore cannot evaluate the likelihood of success.

The Jatropha Business that we are commencing is a new and highly risky business that has not been conducted on a similar scale in North America.

Our business plan calls for a large scale planting and harvesting of Jatropha plants, primarily outside of the United States, and for the subsequent production and sale of Jatropha oil (and other Jatropha byproducts) for use as a biofuel primarily in the United States. We are commencing a new business and will be subject to all of the risks normally associated with new businesses, including risks related to the large scale production of plants that have not heretofore been grown in large scale plantations, logistical issues related to the oil and biomass produced at such new plantations, market acceptance, uncertain pricing of our products, developing governmental regulations, and the lack of an established market for our products.

Since we currently have a limited amount of cash available, and are not generating any revenues from either our legacy bio-pharmaceutical business or our new Jatropha Business, we are dependent upon the sales proceeds to be derived from the sale of SaveCream, the potential sale of carbon credit purchase contracts, potential future delivery of Jatropha oil purchase contracts, and on our ability to raise additional funds to continue our operations and existence.

We currently only have a limited amount of cash available, which cash is not sufficient to fund our anticipated future operating needs beyond April 2008. In addition, neither our legacy bio-pharmaceutical business, nor our new Jatropha Business currently generate any revenues from which we can pay our administrative and operating expenses. We currently anticipate that we will receive approximately $2,642,000 based on the currency conversion rate in effect as of March 3, 2008 ($200,000 of the cash payment was already received in 2007) upon the sale of our SaveCream rights to Eucodis (in addition to being relieved of our obligation to pay approximately $3,247,000 of currently outstanding liabilities). The closing of the SaveCream sale is currently scheduled to occur in April 2008, and we currently have sufficient funds to operate until that date. However, in the event that the closing of the SaveCream assets is delayed or does not occur, we will face an immediate cash shortage, and may not be able to fund our anticipated operating expenses after April 2008. No assurance can be given that the SaveCream sale will occur, or that it will occur during the time period we anticipate.

We will continue to incur administrative and general operating expenses without revenues until we begin selling Jatropha oil, or until we complete the sales of carbon credit purchase contracts. Based on our current monthly operating expenses and our projected future operating expenses, even if the SaveCream sale closes as planned, we will need to obtain significant additional funding during 2008 for our planned Mexico Jatropha plantations and our ongoing operating expenses. Such additional funds could be obtained from the sale of equity, from forward purchase payments for our products, joint venture arrangements, carbon credit sales, or debt financing. While we are currently engaged in discussions regarding various of these financial arrangements, there can be no assurance that we will be able to complete any of these arrangements or that we will be able to obtain the capital we require. In addition, we cannot be sure that any financing that we do obtain will be on terms that are commercially favorable for us. In the event that we do not obtain additional funding in the near future, we may not be able to maintain our current operations and will not be able to implement our business plan.

In addition, our Jatropha Business will require that we acquire and cultivate a large amount of land and otherwise incur significant initial start-up expenses related to establishing the Jatropha plantations required for our proposed business. We currently do not have the capital that is necessary to acquire the land or to otherwise fund the large up-front expenses, nor has any entity agreed to provide us with such funds. Accordingly, the success of our new Jatropha Business is contingent on, among other things, our ability to raise the necessary capital to fund our planned Jatropha Business expenditures. Historically, we have raised capital through the issuance of debt and equity securities. However, given the risks associated with a new, untested biofuels business, the risks associated with our common stock (as discussed below), and our status as a small, unknown public company, we cannot guarantee that we will be able to raise capital, or if we are able to raise capital, that such capital will be in the amounts needed. Our failure to raise capital, when needed and in sufficient amounts, will severely impact our ability to develop our Jatropha Business.

The closing of the sale of the SaveCream assets to Eucodis is uncertain and is dependent upon events beyond our control.

We recently entered into a letter agreement with Eucodis pursuant to which we agreed to sell our legacy SaveCream drug candidate assets to Eucodis for 4,007,534 euros (or U.S. $6,089,000 based on the currency conversion rate in effect as of March 3, 2008), of which approximately U.S. $2,642,000 will be paid in cash at the closing (we already received $200,000 in 2007), if Eucodis can complete the purchase by the end of April 2008. Eucodis has informed us that it wants to complete the purchase of the SaveCream assets as soon as possible and that it has an agreement in place for the funding needed to complete that sale. However, the financing that Eucodis is obtaining has not yet been received, and no assurance can be given that Eucodis will be able to obtain that financing by the end of April 2008, or ever. If Eucodis is unable to obtain the funding, or for other reasons is not willing or able to complete the purchase of the SaveCream assets, we will have to commence marketing our SaveCream assets to other entities. While we believe that our SaveCream assets have substantial value and will be attractive to other pharmaceutical companies, we neither know the exact amount that potential buyers would pay for those assets nor when we would be able to sell/license those assets. Accordingly, if Eucodis does not purchase the SaveCream assets, our ability to monetize our remaining legacy pharmaceutical assets is uncertain.

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

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

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

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

We will depend on key service providers for assistance and expertise in beginning operations and any failure or loss of these relationships could delay our operations, increase our expenses and hinder our success.

Because of our limited financial and personnel resources, and because our Jatropha plantations are expected to be established primarily outside of the United States, we will have to establish and maintain relationships with several key service providers for land acquisition, the development and cultivation of Jatropha plantations, labor management, the transportation of Jatropha oil and biomass, and other services. We have already established such a relationship with the Lodemo Group in Mexico concerning the cultivation and management of our Jatropha nurseries and plantations in Mexico and the transportation of our products. Accordingly, our ability to develop our Jatropha Business in Mexico, and our success in Mexico, will to a large extent be dependent upon the efforts and services of the Lodemo Group. While the Lodemo Group has significant experience in diesel distribution and sales, liquids transportation, logistics, land development and agriculture, no assurance can be given that our joint operations with the Lodemo Group will be successful or that we will be able to achieve our goals in Mexico.

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

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

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

Our proposed agricultural operations will be primarily located in foreign countries, beginning in Mexico. Accordingly, we are subject to risks not typically associated with ownership of U.S. companies and therefore should be considered more speculative than investments in the U.S.

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

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

The cost of developing and operating our agricultural projects significantly exceeds our current financial budget.

Our preliminary budget contemplates the cultivation of 20,000-hectare of Jatropa in Mexico. According to our business plan, this will be the first of several other large plantations used in our feedstock/biofuel operations. In addition, we will have to construct a plant nursery and research facility as well as a seed oil extraction facility. We currently do not have the funds necessary to fund our planned operations. Unless we are able to obtain the necessary funds on economically viable terms, our Jatropha Business will not succeed, and we will not be able to meet our business goals. In addition, even if we obtain the initial funds necessary to establish our plantation and facilities, the costs to develop and implement our proposed plantation and support facilities, and our other operational costs could significantly increase beyond our expectations due to economic factors, design modifications, implementation or construction delays or cost overruns. In such an event, our profitability and ultimately the financial condition of our company will be adversely affected.

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

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

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

We expect our business to consist primarily of sales of feedstock oil harvested from the Jatropha plant, and bio-diesel production and sales. We do not have any other lines of business or other sources of revenue to rely upon if we are unable to produce and sell feedstock oil and bio-diesel, or if the markets for such products decline. Our lack of diversification means that we may not be able to adapt to changing market conditions or to withstand any significant decline in the bio-diesel industry.

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

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

There are several agreements and relationships that remain to be negotiated, executed and implemented which will have a critical impact on our operations, expenses and profitability.

We have several agreements, documents and relationships that remain to be negotiated, executed and implemented before we can develop fully commence our new operations, including agreements relating to the construction of our proposed seed processing plant and other support facilities for our Jatropha plantation in Mexico. In some cases, the parties with whom we would need to establish a relationship have yet to be identified. Our expectations regarding the likely terms of these agreements and relationships could vary greatly from the terms of any agreement or relationship that may eventually be executed or established. If we are unable to enter into these agreements or relationships on satisfactory terms, or if revisions or amendments to existing terms become necessary, the construction of our proposed seed processing plant and the commencement of our related operations could be delayed, our expenses could be increased and our profitability could be adversely affected and the value of your investment could decline.

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

Our development schedule assumes the commencement of planting in the first half of 2008, with oil production anticipated 18 months thereafter. We could incur delays in the implementation of that plan or the construction of support facilities due to permitting or zoning delays, opposition from local groups, adverse weather conditions, labor or material shortages, or other causes. In addition, changes in political administrations at the federal, state or local level that result in policy changes towards the large scale cultivation of Jatropha or towards biofuels in general could result in delays in our timetable for development and commencement of operations. Any such delays could adversely affect our ability to commence operations and generate revenue.

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

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

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

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

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

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

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

We are highly dependent upon our management, and on the consulting services provided to us by Mobius Risk Group, LLC, a company we have retained to provide us with consulting services related to the development of our Jatropha Business. The loss of the services of one or more of these individuals or of Mobius may impair management's ability to operate our company. We have not purchased key man insurance on any of our officers, which insurance would provide us with insurance proceeds in the event of their death. Without key man insurance, we may not have the financial resources to develop or maintain our business until we could replace such individuals or to replace any business lost by the death of such individuals. We may not be able to attract and retain the necessary qualified personnel. If we are unable to retain or to hire qualified personnel as required, we may not be able to adequately manage and implement our business.

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

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

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

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

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

The Mexican peso is the primary operating currency for our initial business operations while our financial results are reported in U.S. dollars. Because our costs will be primarily denominated in pesos, a decline in the value of the dollar to the peso could negatively affect our actual operating costs in U.S. dollars, and our reported results of operations. We do not currently engage in any currency hedging transactions intended to reduce the effect of fluctuations in foreign currency exchange rates on our results of operations. We cannot guarantee that we will enter into any such currency hedging transactions in the future or, if we do, that these transactions will successfully protect us against currency fluctuations.

Risk of abandoned operations or decommissioning costs are unknown and may be substantial.

We may be responsible for costs associated with abandoning land development and product processing facilities, which we intend to use for production of biofuels feedstock. We expect to have long term commitments on land and facilities and short to medium commitments for labor and other services. Abandonment of these developments and contracts and the associated decommissioning costs could be substantial and may have an effect on future profitability.

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

Our future profitability is mainly dependent on the production output from our agricultural operations. There are many factors that can effect growth and fruit production of the Jatropha plant including weather, nutrients, pests and other natural enemies of the plant. Many of these are outside of our direct control and could be devastating to our operations.

Risks Relating to Our Common Stock

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

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

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

As of December 31, 2007, our directors and executive officers, beneficially owned approximately 35.1% of our outstanding common stock. These shareholders, if they act together, may be able to direct the outcome of matters requiring approval of the shareholders, including the election of our directors and other corporate actions such as:

- our merger with or into another company;
- a sale of substantially all of our assets; and
- amendments to our articles of incorporation.

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

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

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

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

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

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

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

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

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

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

ITEM 2. DESCRIPTION OF PROPERTY.

Currently, we operate out of offices of an unaffiliated bio-diesel company located at 6033 W. Century Blvd, Suite 1090, Los Angeles, California 90045. We moved to this location in September 2007 (previously, our offices were located in Salt Lake City, Utah) and we have been using these facilities without any obligation to make any lease or rental payments. We plan to move to our own office in the near future and are currently looking for office space.

ITEM 3. LEGAL PROCEEDINGS.

On August 22, 2006, we initiated legal proceedings in Landgericht Hamburg, a German Federal Court in Hamburg - Germany, against Dr. Alfred Schmidt to obtain certain rights concerning “SaveCream”, a developmental topical aromatase inhibitor cream relevant to our legacy bio-pharmaceutical business. No cross complaints have been filed against us in this matter. We acquired the “SaveCream” rights and certain other related intellectual property assets from the liquidator of Savetherapeutics AG i.L., a German corporation, pursuant to an asset purchase agreement dated as of March 11, 2005. Pursuant to our agreement with Eucodis, Eucodis has agreed to assume and become financially responsible for all costs we incur in connection with the foregoing litigation. If we do not sell our SaveCream assets to Eucodis, we will have to bear any future expenses related to this litigation.

In January 2008, in an action titled Bowne of Los Angeles, Inc. vs. Medical Discoveries, Inc., Bowne of Los Angeles, Inc. filed a lawsuit against us in the Third District Court, Salt Lake County, State of Utah, alleging that we failed to pay Bowne $59,399.47. Bowne is also seeking interest and legal fees. We have been in discussions with Bowne to settle this dispute. However, on March 13, 2008, Bowne filed a Notice Of Intent To Take Default Judgment. If the default judgment is granted, we will become liable for the entire amount claimed by Bowne.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS, AND SMALL BUSINESS ISSUER'S PURCHASE OF EQUITY SECURITIES.

Until July 2007, our common stock was traded on the OTC Bulletin Board under the symbol "MLSC." Due to our failure to timely file reports with the Securities and Exchange Commission, in July 2007, we were de-listed from the OTC Bulletin Board. Thereafter, our common stock has traded on the Pink Sheets LLC trading platform. On February 29, 2008, in connection with our name change, our trading symbol was changed to "GCEH." We have submitted an application to have our common stock re-listed on the OTC Bulletin Board.

The following table sets forth the range of bid quotations for our common stock for the quarters indicated according to data provided by The NASDAQ Stock Market, Inc. Such quotations reflect inter-dealer prices, without retail mark-ups, markdowns or commissions, and may not represent actual transactions.

Fiscal Year Ended December 31, 2007	**High Bid**	**Low Bid**
First Quarter	$ 0.049	$ 0.022
Second Quarter	$ 0.050	$ 0.011
Third Quarter	$ 0.080	$ 0.020
Fourth Quarter	$ 0.087	$ 0.030

Fiscal Year Ended December 31, 2006	**High Bid**	**Low Bid**
First Quarter	$ 0.190	$ 0.090
Second Quarter	$ 0.155	$ 0.075
Third Quarter	$ 0.105	$ 0.023
Fourth Quarter	$ 0.080	$ 0.030

Shareholders

As of December 31, 2007, we believe that we have approximately 2,950 shareholders of our common stock.

Dividends

We have never paid any cash dividends on our common stock and do not anticipate paying dividends in the foreseeable future. We presently intend to retain any future earnings for financing our growth and expansion.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table contains information regarding our equity compensation plans as of December 31, 2007.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders			
1993 Incentive Plan (1)	3,383,000	$ 0.13	-0-
2002 Stock Incentive Plan	14,500,000	$ 0.04	5,500,000
Equity compensation plans not approved by security holders			
Warrants	58,033,379	$ 0.02	—
Total	75,916,379		

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

Repurchase of Shares

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

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

During the period covered by this Annual Report, we were a development stage company that devoted substantially all of its efforts to the research and development of its two principal drug candidates. During 2007, we decided to discontinue the development of our two drug candidates, decided to sell our two drug technologies, and have commenced a new business as a renewable alternative energy source company. As a result, the "Results of Operations" section below contains a description of both the results of a business that we no longer intend to pursue and the results of the new biofuels business that we are currently conducting.

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 this annual report. 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

As discussed previously, in 2007 the Board of Directors determined to discontinue our prior bio-pharmaceutical operations. Pursuant to accounting rules for discontinued operations, we have classified all revenue and expense, except general corporate overhead, for 2007 and prior periods related to the operations of our bio-pharmaceutical business as discontinued operations.

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 in March 2007. In September 2007, we commenced operations in our new bio-fuels Jatropha business, but we are still 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. During the years ended December 31, 2007 and 2006, we recognized revenue of $200,000 and $800,000, respectively, related to our discontinued bio-pharmaceutical business, which revenue is included in Loss from Discontinued Operations in the accompanying Consolidated Statements of Operations.

Operating Expenses. Our general and administrative expenses related to continuing operations for the year ended December 31, 2007, were $2,950,000 compared to $515,000 for the year ended December 31, 2006. In 2007, general and administrative expense includes general corporate overhead of $935,000 and includes share-based compensation of $2,015,000. In 2006, general and administrative expense in the amount of $515,000 principally consisted of estimated general corporate overhead. We have 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. Other general and administrative expenses more directly related to the operation and disposal of our bio-pharmaceutical business have been included in Loss from Discontinued Operations.

For the year ended December 31, 2007, we have recorded research and development costs of $987,000 related to the value of common stock issued in exchange for certain trade secrets, know-how, business plans, term sheets, business relationships, and other information in connection with the share exchange with Global Clean Energy Holdings, LLC. Otherwise, we did not incur any research and development expenses during the year ended December 31, 2007 due to our Board of Directors' decision to discontinue funding development of the SaveCream and MDI-P drug candidate assets. We incurred $2,027,000 of research and development expenses for the year ended December 31, 2006, which principally related to our acquisition of the patents and patent rights relating to SaveCream, which are included in Loss from Discontinued Operations.

Other Income/ Expense and Net Loss. Our interest income increased to $4,000 for the year ended December 31, 2007, from $3,000 for the year ended December 31, 2006 principally due to cash balances generated from the sale of Series B preferred stock in the final quarter of 2007.

During the year ended December 31, 2007, we recorded $148,000 as unrealized loss on financial instrument to record the accounting for warrants resulting from the issuance of the Series A Convertible Preferred Stock entered into in October 2004 and March 2005, the cancellation and reissuance in September 2007 of certain related warrants to purchase 27,452,973 shares of common stock in connection with a new secured promissory note, and other warrants issued in 2007 to non-employees. During the year ended December 31, 2006, we recorded unrealized gains of $2,565,000 as a result of the accounting for these warrants. This non-cash gain and loss recognition on financial instrument is the result of the periodic revaluation of certain warrants classified as a liability in the financial statements.

In connection with the accounting for the cancellation and reissuance of warrants mentioned in the previous paragraph, we recorded a discount to the associated secured promissory note of $250,000. The discount to the note was amortized over the term of the loan agreement from September 7, 2007 to December 14, 2007, and was recorded as “interest expense from amortization of discount on secured promissory note.” Interest expense increased from $30,000 for the year ended December 31, 2006 to $52,000 for the year ended December 31, 2007. The increase in interest expense is primarily attributable to interest on the new secured promissory note issued in September 2007.

For the year ended December 31, 2007, we recorded “Gain on debt restructuring” of $485,000. This gain consisted of (i) a gain of $395,000 on settlement of amounts due to our former Chief Executive Officer, and (ii) a gain of $90,000 on the settlement of a note payable that was contingent on the outcome on our sale of MDI-P. The liability in the amount of $90,000 was extinguished because it was only payable if and when we received $1 million in cumulative license revenue from the MDI-P compound in any human indication. Since we sold the MDI-P compound for less than $1 million, this liability is no longer owed and was written off. For the year ended December 31, 2006, we recorded “Gain on debt restructuring” of $608,000 principally related to recognizing certain previously recorded liabilities as having passed the statute of limitations for collection.

Our Loss from Discontinued Operations was $518,000 for the year ended December 31, 2007, compared to $2,815,000 for the year ended December 31, 2006.

Liquidity And Capital Resources

As of December 31, 2007 we had $805,338 in cash and a working capital deficit of $7,344,000, as compared with $48,000 in cash and a working capital deficit of $5,527,000 at December 31, 2006.

Since our inception, we have financed our operations primarily through private sales of our securities. As of December 31, 2006, our financial resources were not sufficient to fund our on-going research and development activities or to fund our general and operating expenses. Accordingly, early in 2007 we re-evaluated our future operations thereafter elected to terminate our bio-pharmaceutical operations.

Our ability to fund our liquidity and working capital needs in the near future 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 the Asset Sale Agreement with Eucodis pursuant to which we agreed to sell our SaveCream asset for an aggregate of €4,007,534 (or U.S. $6,089,000 based on the currency conversion rate in effect as of March 3, 2008), a portion of which comprised (i) a cash payment of €1,538,462, which is due and payable to us at the closing, less $200,000 already received from Eucodis in March 2007 upon the signing of the Letter of Intent, and (ii) Eucodis’ assumption of an aggregate of €2,469,072, constituting specific indebtedness currently owed to certain of our creditors. We recently entered into a letter agreement with Eucodis pursuant to which we agreed that the price for the assets

(4,007,534 euros) would remain the same, but that the amount indebtedness that Eucodis is required to assume will be reduced by 332,875 euros, and the amount to be paid at closing would be increased by this 332,875 euro amount. Accordingly, if the closing occurs, we will receive a total of 1,871,337 euros (or approximately U.S. $2,642,000 based on the currency conversion rate in effect as of March 3, 2008) at the closing. The closing of the sale to Eucodis is currently scheduled to occur at such time as Eucodis completes its financing, but in no event later than April 30, 2008. No assurance can be given that this sale will be completed.

In August 2007, we sold our second drug candidate, the MDI-P compound, for $310,000 in cash.

In order to fund ongoing operations pending closing of the sale to Eucodis, we entered into the Loan Agreement with, and issued a promissory note in favor of, 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 $1,000,000. Interest is payable on the Loan at a rate of 12% per annum, payable monthly. We have agreed not to request any further advances under the loan agreement. As of March 27, 2008, the remaining outstanding principal balance of amounts we borrowed under the loan agreement was $200,000. The loan currently matures and becomes due and payable on June 21, 2008. The loan is secured by a first priority lien on all of our assets.

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.

We are currently funding our operations from the Mercator loan and from the proceeds of the sale of the Series B Convertible Preferred Stock. Assuming that the sale of SaveCream to Eucodis is completed in April 2008, we will have sufficient cash to fund our projected corporate operating expenses for the balance of 2008. However, our business plan calls for significant infusion of additional capital to establish our Jatropha plantations in Mexico and other locations. We currently do not have the funds necessary to acquire and cultivate those plantations, nor will the projected proceeds from the Eucodis sale be sufficient for those purposes. Accordingly, in addition to the proceeds we expect to receive upon the sale of SaveCream to Eucodis, 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. 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 in 2008 or that we will be able to effect our new business plan in the Jatropha Business.

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

ITEM 7. FINANCIAL STATEMENTS.

HANSEN, BARNETT& MAXWELL, P.C.
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS
AND
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Registered with the Public Company Accounting Oversight Board

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Medical Discoveries, Inc.

We have audited the accompanying consolidated balance sheets of Global Clean Energy Holdings, Inc. and subsidiaries (a development stage company) as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and for the period from November 20, 1991 (date of inception of the development stage) through December 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the Company from November 20, 1991 through December 31, 2003, which statements reflect total revenues and deficit accumulated during the development stage of $157,044 and $14,930,259, respectively. Those statements were audited by other auditors whose reports, dated February 18, 2004 (except Note K, not included herein, as to which the date is November 15, 2004) and March 20, 2000, included an explanatory paragraph stating there was substantial doubt regarding the Company's ability to continue as a going concern. Our opinion, insofar as it relates to the consolidated financial statements for the period from November 20, 1991 through December 31, 2003, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Clean Energy Holdings, Inc. and subsidiaries as of December 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended and for the period from November 20, 1991 through December 31, 2007, in conformity with U.S. generally accepted accounting principles.

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

HANSEN, BARNETT & MAXWELL, P.C.

Salt Lake City, Utah
March 26, 2008

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

	December 31, 2007	December 31, 2006 (Restated for Discontinued Operations)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 805,338	$ 47,658
Subscription receivable	75,000	-
Prepaid expenses	51,073	-
Total Current Assets	931,411	47,658
Plantation development costs and equipment, net	309,341	789
Assets held for sale	-	61,460
TOTAL ASSETS	$ 1,240,752	$ 109,907
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 1,243,877	$ 663,691
Accrued payroll and payroll taxes	950,971	1,184,264
Accrued interest payable	300,651	267,739
Secured promissory note	250,000	-
Notes payable to shareholders	56,000	56,000
Convertible notes payable	193,200	193,200
Financial instrument	2,166,514	294,988
Current liabilities associated with assets held for sale	3,113,970	2,914,438
Total Current Liabilities	8,275,183	5,574,320
LONG-TERM LIABILITY	-	90,000
TOTAL LIABILITIES	8,275,183	5,664,320
STOCKHOLDERS' DEFICIT		
Preferred stock - no par value; 50,000,000 shares authorized		
Series A, convertible; 28,928 and 34,420 shares issued and outstanding, respectively; (aggregate liquidation preference of $2,892,800 and $3,442,000, respectively)	514,612	514,612
Series B, convertible; 13,000 and zero shares issued or subscribed, respectively; (aggregate liquidation preference of $1,300,000 and $0, respectively)	1,290,735	-
Common stock, no par value; 500,000,000 shares authorized; 174,838,967 and 118,357,704 shares issued and outstanding, respectively	16,526,570	15,299,017
Additional paid-in capital	1,472,598	1,056,020
Deficit accumulated prior to the development stage	(1,399,577)	(1,399,577)
Deficit accumulated during the development stage	(25,439,369)	(21,024,485)

Total Stockholders' Deficit		(7,034,431)		(5,554,413)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	1,240,752	$	109,907

See Notes to Consolidated Financial Statements

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

	For the Years Ended December 31, 2007	2006 (Restated for Discontinued Operations)	From Inception of the Development Stage on November 20, 1991 through December 31, 2007
Operating Expenses			
General and administrative	$ 2,949,885	$ 515,151	$ 7,900,558
Research and development	986,584	-	986,584
Loss from Operations	(3,936,469)	(515,151)	(8,887,142)
Other Income (Expenses)			
Unrealized gain (loss) on financial instrument	(147,636)	2,564,608	4,717,163
Interest income	4,441	2,866	62,605
Interest expense	(51,929)	(29,919)	(1,237,549)
Interest expense from amortization of discount on secured promissory note	(250,000)	-	(250,000)
Gain on debt restructuring	485,137	607,761	2,524,787
Other income	-	1,373	906,485
Total Other Income (Expenses)	40,013	3,146,689	6,723,491
Income (Loss) from Continuing Operations	(3,896,456)	2,631,538	(2,163,651)
Loss from Discontinued Operations (net of gain on disposal of MDI-P of $258,809 in 2007)	(518,428)	(2,815,309)	(22,583,519)
Net Loss	(4,414,884)	(183,771)	(24,747,170)
Preferred stock dividend from beneficial conversion feature	-	-	(692,199)
Net Loss Applicable to Common Shareholders	$ (4,414,884)	$ (183,771)	$ (25,439,369)
Basic and Diluted Income (Loss) per Common Share:			
Income (Loss) from Continuing Operations	$ (0.029)	$ 0.023	

Loss from Discontinued Operations	$	(0.004)	$	(0.025)
Net loss	$	(0.033)	$	(0.002)
Basic and Diluted Weighted-Average Common Shares Outstanding		134,707,205		113,809,546

See Notes to Consolidated Financial Statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
Period From November 20, 1991 (Date of Inception of the Development Stage) through December 31, 2007

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

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

2005 - $0.18 per share										
Conversion of Debt										
1996 - $0.78 per share					239,458	186,958	-	-	-	-	186,958
1997 - $0.25 per share	-	-	-	-	100,000	25,000	-	-	-	-	25,000
1998 - $0.20 per share	-	-	-	-	283,400	56,680	-	-	-	-	56,680
2002 - $0.03 per share	-	-	-	-	17,935,206	583,500	-	-	-	-	583,500
2004 - $0.07 per share	-	-	-	-	9,875,951	650,468	-	-	-	-	650,468
Other Issuances											
1993 -License - $0.50 share	-	-	-	-	2,000,000	1,000,000	-	-	-	-	1,000,000
1997 - Settlement of contract	-	-	-	-	800,000	200,000	-	-	-	-	200,000
1998 - Issuance of common stock from exercise of warrants, $0.001 per share	-	-	-	-	200,000	200	-	-	-	-	200
2000 - Reversal of shares issued	-	-	-	-	(81,538)	-	-	-	-	-	-
Escrow and Subscription Receivables											
1996 - Common stock canceled - $0.34 per share	-	-	-	-	(1,400,000)	(472,360)	-	-	-	472,360	-
2000 - Issuance for escrow receivable - $0.09 per share	-	-	-	-	5,500,000	500,000	-	-	-	(500,000)	-
2000 - Write-off of subscription receivable	-	-	-	-	-	-	-	-	-	112,500	112,500
2000 - Research and development costs	-	-	-	-	-	-	-	-	-	115,400	115,400
2001 - Research and development costs	-	-	-	-	-	-	-	-	-	132,300	132,300
2001 - Operating expenses	-	-	-	-	-	-	-	-	-	25,000	25,000
2004 - Termination of	-	-	-	-	(2,356,200)	(227,300)	-	-	-	227,300	-

escrow
agreement

(Continued)

See Notes to Consolidated Financial Statements

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT - (Continued)
Period From November 20, 1991 (Date of Inception of the Development Stage) through December 31, 2007

	Preferred Stock - Series A		Preferred Stock - Series B		Common stock		Additional Paid in Capital	Accumulated Deficit Prior to Development Stage	Deficit Accumula During th Developm Stage
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance carried forward	-	$ -	-	$ -	107,071,888	$ 12,441,237	$ -	$ (1,399,577)	$
Exercise of Options and Warrants									
1997 - $0.25 per share	-	-	-	-	87,836	21,959	-	-	
1999 - Waived option price $0.14 per share	-	-	-	-	170,000	24,000	-	-	
Value of Options Issued for Services									
1998	-	-	-	-	-	2,336,303	-	-	
1999	-	-	-	-	-	196,587	-	-	
2001	-	-	-	-	-	-	159,405	-	
2002	-	-	-	-	-	-	124,958	-	
2003	-	-	-	-	-	-	295,000	-	
2004	-	-	-	-	-	-	1,675,000	-	
Other									
1994 - Cash contributed	-	-	-	-	-	102,964	-	-	
1995 - Issuance of common stock option to satisfy debt restructuring	-	-	-	-	-	20,000	-	-	
2004 - Issuance of preferred stock and warrants for cash	12,000	523,334	-	-	350,000	68,845	477,821	-	
2004 - Convertible preferred stock beneficial conversion dividend	-	-	-	-	-	-	692,199	-	(692,

2005 - Issuance of preferred stock and warrants for cash	30,000	-	-	-	-	-	-	-	
2005 - Reclassification of warrants to a financial instrument	-	-	-	-	-	-	(2,435,713)	-	
Net loss from inception through December 31, 2005	-	-	-	-	-	-	-	-	(20,148,
Balance at December 31, 2005	42,000	523,334	-	-	107,679,724	15,211,895	988,670	(1,399,577)	(20,840,
Conversion of preferred stock to common stock	(7,580)	(8,722)	-	-	10,242,424	8,722	-	-	
Issuance of options for services	-	-	-	-	-	-	67,350	-	
Issuance of common stock for services at $0.18 per share	-	-	-	-	435,556	78,400	-	-	
Net loss for the year ended December 31, 2006	-	-	-	-	-	-	-	-	(183,
Balance at December 31, 2006	34,420	514,612	-	-	118,357,704	15,299,017	1,056,020	(1,399,577)	(21,024,
Issuance of common stock for Global Clean Energy Holdings, LLC	-	-	-	-	36,540,146	986,584	-	-	
Issuance of Series B preferred stock for cash, net of offering costs	-	-	13,000	1,290,735	-	-	-	-	
Conversion of preferred stock to common stock	(5,492)	-	-	-	10,983,521	-	-	-	
Share-based compensation from issuance of options	-	-	-	-	-	-	29,652	-	

Share-based compensation from issuance of common stock, $0.027 per share	-	-	-	-	4,357,298	117,647	-	-	
Amortization of share-based compensation for common stock held in escrow	-	-	-	-	-	-	510,248	-	
Release of escrowed shares upon satisfaction of underlying milestones	-	-	-	-	4,567,518	123,322	(123,322)	-	
Adjustment of outstanding shares	-	-	-	-	32,780	-	-	-	
Net loss for the year ended December 31, 2007	-	-	-	-	-	-	-	-	(4,414,
Balance at December 31, 2007	28,928	$ 514,612	13,000	$ 1,290,735	174,838,967	$ 16,526,570	$ 1,472,598	$ (1,399,577)	$ (25,439,

See Notes to Consolidated Financial Statements

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

	For the Years Ended December 31, 2007	2006	From Inception of the Development Stage on November 20, 1991 through December 31, 2007
Cash Flows From Operating Activities			
Net loss	$ (4,414,884)	$ (183,771)	$ (24,747,170)
Adjustments to reconcile net loss to net cash used in operating activities			
Foreign currency transaction loss	296,370	117,501	357,391
Gain on debt restructuring	(485,137)	(607,761)	(2,524,787)
Share-based compensation for services, expenses, litigation, and research and development	3,118,021	145,750	12,342,741
Commitment for research and development obligation	-	1,712,745	2,378,445
Depreciation	10,494	18,386	137,666
Reduction of escrow receivable from research and development	-	-	272,700
Unrealized loss (gain) on financial instrument	147,636	(2,564,608)	(4,717,163)
Interest expense from amortization of disocunt on secured promissory note	250,000	-	250,000
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	(258,809)	-	(228,445)
Write-off of receivable	-	317,175	562,240
Note payable issued for litigation	-	-	385,000
Changes in operating assets and liabilities			
Accounts receivable	-	-	(7,529)
Prepaid expenses	(51,073)	-	(51,073)
Accounts payable and accrued expenses	678,104	437,803	4,218,012
Net Cash Used in Operating Activities	(709,278)	(606,780)	(11,379,763)
Cash Flows From Investing Activities			
Proceeds from disposal of assets	310,000	-	310,000
Increase in deposits	-	-	(51,100)
Purchase of property and equipment	(308,777)	-	(530,111)
Issuance of note receivable	-	-	(313,170)
Payments received on note receivable	-	-	130,000
Net Cash Provided by (Used in) Investing Activities	1,223	-	(454,381)
Cash Flows From Financing Activities			
Issuance of common stock, preferred stock, and warrants for cash	1,215,735	-	11,249,580
Contributed equity	-	-	131,374
Proceeds from notes payable and related warrants	350,000	-	1,686,613

Payments on notes payable	(100,000)	-	(901,287)
Proceeds from convertible notes payable	-	-	571,702
Payments on convertible notes payable	-	-	(98,500)
Net Cash Provided by Financing Activities	1,465,735	-	12,639,482
Net Increase (Decrease) in Cash and Cash Equivalents	757,680	(606,780)	805,338
Cash and Cash Equivalents at Beginning of Period	47,658	654,438	-
Cash and Cash Equivalents at End of Period	805,338	47,658	805,338
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	$ 12,146	$ -	
Noncash Investing and Financing Activities:			
Conversion of preferred stock to common stock	$ -	$ 8,722	

See Notes to Consolidated Financial Statements

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GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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, discussed further in Note L. With this transaction, MDI acquired the SaveCream technology and carried on the research and development of this drug candidate. As discussed in Note C, MDI made the decision in 2007 to discontinue further development of these two drug candidates and sell these technologies.

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

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

Principles of Consolidation

The consolidated financial statements include the accounts of Global Clean Energy Holdings, Inc. and subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

Development Stage Company

The Company has not yet commenced its planned principal operations and is, therefore, considered a development stage company as defined in Statement of Financial Accounting Standards (SFAS) No. 7, *Accounting and Reporting by Development Stage Enterprises*.

Cash and Cash Equivalents

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

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents on deposit in excess of federally-insured limits in the aggregate amount of $632,063 at December 31, 2007. The Company has maintained its cash balances at what management considers to be high credit-quality financial institutions.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
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Plantation Development Costs and Equipment

Plantation development costs and equipment are stated at cost. Depreciation of equipment is computed using the straight-line method over the estimated lives of the related assets. Estimated useful lives are 5 years. 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*.

Normal maintenance and repair items are charged to costs and expensed as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in results of operations.

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and the carryforward of operating losses and tax credits, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance against deferred tax assets is recorded when it is more likely than not that such tax benefits will not be realized. Research tax credits are recognized as utilized.

Revenue Recognition

Revenue is recognized in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, *Revenue Recognition in Financial Statements*. Revenue is recognized when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller’s price to the buyer is fixed or determinable; collectibility is reasonably assured; and title and the risks and rewards of ownership have transferred to the buyer.

Research and Development

Research and development has been the principal function of the Company. Research and development expense in the accompanying financial statements include certain costs which are directly associated with the Company’s research and development of the Company’s anti-infective pharmaceutical, MDI-P as well as the purchase of the intellectual property assets of Savetherapeutics AG (See Note L) and the exchange of common stock for the trade secrets, know-how, etc. of Global Clean Energy Holdings, LLC (See Note D). These costs amounted to $986,584, $2,026,907 and $8,734,690 for the years ended December 31, 2007 and 2006, and for the period November 20, 1991 (date of inception of the development stage) through December 31, 2007, respectively.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Translation

The Company's functional and reporting currency is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income or loss. Foreign currency transactions are primarily undertaken in Euros. The Company has not entered into derivative instruments to offset the impact of foreign currency fluctuations.

Fair Value of Financial Instruments

The Company estimates that the fair value of all financial instruments at December 31, 2007 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the valuation of common stock, warrants, and stock options. It is at least reasonably possible that the significant estimates used will change within the next year.

Basic and Diluted Loss per Share

Basic loss per share is computed on the basis of the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed on the basis of the weighted-average number of common shares and all dilutive potentially issuable common shares outstanding during the year. Common stock issuable upon conversion of debt and preferred stock, common stock held in escrow, stock options and stock warrants have not been included in the loss per share for 2007 and 2006 as they are anti-dilutive. The potential common shares as of December 31, 2007 and 2006 are as follows:

	December 31,	
	2007	2006
Convertible notes	128,671	128,671
Convertible preferred stock - Series A	57,856,000	114,080,000
Convertible preferred stock - Series B	11,818,181	-
Warrants	31,033,379	38,973,861
Compensation-based stock options and warrants	44,883,000	19,983,000
Common stock held in escrow	22,837,593	-
	168,556,824	173,165,532

As of December 31, 2007, the Company did not have sufficient authorized shares of common stock to meet the commitments it had entered into. There was a stockholders' meeting on January 29, 2008 and a majority of shareholders voted to increase the authorized number of shares of common stock from 250 million to 500 million, which is now sufficient to meet all of the equity commitments that the Company has entered into.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Based Compensation

Effective January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment* ("SFAS 123(R)") using the modified prospective application method. SFAS 123(R) requires the recognition of the cost of employee services received in exchange for an award of equity instruments in the financial statements and is measured based on the grant date fair value of the award. SFAS 123(R) also requires the stock option compensation expense to be recognized over the period during which an employee is required to provide service in exchange for the award (the vesting period). Prior to adopting SFAS 123(R), the Company accounted for stock-based compensation plans under Accounting Principles Board Opinion ("APB") No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). Under APB 25, generally no compensation expense was recorded when the terms of the award are fixed and the exercise price of the employee stock option equals or exceeds the fair value of the underlying stock on the date of grant. The Company adopted the disclosure-only provision of SFAS No. 123, *Accounting for Stock-Based Compensation*.

As a result of adopting SFAS 123(R), compensation expense related to the issuance of common stock, options and compensation-based warrants during the years ended December 31, 2007 and 2006 was recognized in the amounts of $2,131,437 and $67,350, respectively.

Reclassifications

In accounting for discontinued operations, the 2006 balance sheet and statement of operations have been reclassified to conform to the 2007 presentation. These reclassifications had no effect on net loss or stockholders' deficit for the year ended December 31, 2006.

Recently Issued Accounting Statements

In September 2006, the Financial Accounting Standards Board 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 financial statements issued for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position (FSP FIN) No. 157-2 which extended the effective date for certain nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008. The Company is currently evaluating the impact of SFAS 157 on the financial statements and anticipates that the statement will not have a significant impact 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. This statement is effective for fiscal years beginning after November 15, 2007. Accordingly, the Company will adopt SFAS 159 in 2008. The Company is in the process of evaluating the application of the fair value option and its effect on its financial position and results of operations.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
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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. We are currently evaluating the effects, if any, that SFAS 141(R) may have on our financial statements. We do 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 we may enter into.

In December 2007, the FASB issued Financial Accounting Standards 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. We are currently evaluating this new statement and anticipate that the statement will not have a significant impact on the reporting of our results of operations.

NOTE B — BASIS OF PRESENTATION AND GOING CONCERN

As shown in the accompanying financial statements, the Company incurred a net loss applicable to common shareholders of $4,414,884 during the year ended December 31, 2007, and has incurred losses applicable to common shareholders since inception of the development stage of $25,439,369. The Company has discontinued its former bio-pharmaceutical business. At December 31, 2007, the Company has negative working capital of $7,343,772 and a stockholders' deficit of $7,034,431. Those factors raise substantial doubt about the Company's ability to continue as a going concern.

Management plans to meet its cash needs through various means including selling intellectual assets, securing financing, and developing a new business model. The Company has entered into an agreement to sell certain intellectual assets for an aggregate of €4,007,534 (approximately $5,852,000 using December 31, 2007 exchange rates), which consideration is payable in cash and by the assumption of certain of the Company's outstanding liabilities. In order to fund its operations pending the closing of the asset sale, the Company sold Series B preferred stock in the amount of $1,300,000 and issued a secured promissory note under which the Company borrowed $350,000. 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.

GLOBAL CLEAN ENERGY HOLDINGS, INC. AND SUBSIDIARIES
FORMERLY KNOWN AS MEDICAL DISCOVERIES, INC.
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NOTE C – DISCONTINUED OPERATIONS

During the year ended December 31, 2007, the Board of Directors determined that it could no longer fund the development of its two drug candidates and could not obtain additional funding for these drug candidates. The Board evaluated the value of both 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 two drug candidates and sell these technologies.

Eucodis Agreement

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 sale to Eucodis was scheduled to close at the end of January 2008 after our 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. On February 29, 2008, Eucodis informed the Company that it was completing an agreement for financing and still desired to complete the transaction for the purchase of the assets. At that time, the Company and Eucodis entered into a letter agreement to sell the assets on substantially the same terms as under the Asset Sale Agreement.

The assets to be acquired by Eucodis pursuant to the Asset Sale Agreement, as modified by the letter agreement, include 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 will also 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 purchase price to be paid by Eucodis pursuant to the letter agreement for acquiring these assets will be €4,007,534 (approximately $5,852,000 under exchange rates in effect as of December 31, 2007), is comprised of (i) a cash payment of €1,871,337 (approximately $2,732,000 under exchange rates in effect as of December 31, 2007) less $200,000 received in March 2007 under the binding letter of intent, and (ii) Eucodis’ assumption of an aggregate of €2,136,197 (approximately $3,119,000 under exchange rates in effect as of December 31, 2007), constituting specific indebtedness currently owed and other commitments to certain creditors of the Company. In addition, at the closing of the sale, Eucodis will assume (i) all financial and other obligations of the Company under certain contracts to be assigned to Eucodis, and (ii) certain other costs incurred by the Company since February 28, 2007 in connection with preserving the acquired assets for the benefit of Eucodis until closing of the sale.

MDI-P Agreement

The Company also entertained various offers to purchase the Company’s rights to the assets related to the MDI-P compound. On August 9, 2007, the Company sold the MDI-P related assets for $310,000 in cash realizing a gain of $258,809. The sale included the patents, name, and other intellectual property, research results and test data, production units and equipment, and other assets related to this technology. No liabilities were assumed by the purchaser in this transaction. A liability in the amount of $90,000 was extinguished due to the sale. This liability was only payable when the Company received $1 million in cumulative license revenue from the MDI-P compound in any human indication. Due to the sale of MDI-P for less than $1 million, this liability was no longer owed and was written off.

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Accounting for Discontinued Operations

Pursuant to accounting rules for discontinued operations, the Company has classified all revenue and expense for 2007 and prior periods 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. The assets being sold and the liabilities being assumed in the planned sales have been segregated in the accompanying balance sheets and are characterized as Assets Held for Sale and Current Liabilities Associated with Assets Held for Sale, respectively. Revenues of $200,000 and $800,000 for the years ended December 31, 2007 and 2006, respectively, are included in the loss from discontinued operations. The Company has recorded a gain from the sale of MDI-P of $258,809 during the year ended December 31, 2007, but has not recorded any gain or loss at December 31, 2007 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.

		December 31, 2007		December 31, 2006
Assets:				
Equipment, net of accumulated depreciation	$	-	$	61,460
Liabilities:				
Current liabilities:				
Accounts payable	$	412,415	$	472,993
Research and development obligation		2,701,555		2,441,445
	$	3,113,970	$	2,914,438

NOTE D — GLOBAL CLEAN ENERGY HOLDINGS, LLC

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, effective September 1, 2007, the Company (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 initiate the Jatropha Business in Mexico.

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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. Under the Global Agreement, the Company issued 63,945,257 shares of its common stock for all of the issued and outstanding membership interests of Global. Of the 63,945,257 shares issued under the Global Agreement, 36,540,146 shares were issued and delivered at the closing of the Global Agreement without any restrictions. The remaining 27,405,111 shares of common stock were, however, held in escrow by the Company, subject to forfeiture in the event that certain specified performance and market-related milestones are not achieved. Upon the satisfaction, from time to time, of the operational and market capitalization condition milestones, the restricted shares will be released by the Company from escrow and delivered to the buyers in accordance with the terms and conditions of the Global Agreement. In the event that all of the milestone conditions are not achieved, the restricted shares that have not been released from escrow will be cancelled by the Company and thereafter cease to be outstanding.

Prior to the exchange of common stock, Global had no tangible assets or operations, but rather 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. Accordingly, Global was not considered a business in accordance with FASB Emerging Issues Task Force Issue 98-3, *Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business.* With the exchange of the 36,540,146 shares of common stock, the Company acquired the trade secrets, know-how, business plans, term sheets, business relationships, and other information relating to the start-up of this new business. Accordingly, the Company has recorded research and development expense of $986,584, or $0.027 per share, for the value of the shares issued. The closing price of the Company’s common stock on September 7, 2007 was $0.027 per share.

Of the restricted shares issued under the Global Agreement, 13,702,556 shares will be released from escrow if and when i) certain land lease agreements suitable for the planting and cultivation of *Jatropha curcas* are executed and ii) certain operation management agreements with a third-party land and operations management company with respect to the management, planting and cultivation of *Jatropha curcas* are executed. These restricted shares will be held in escrow subject to the satisfaction of these milestones, at which time such shares will be released from escrow and delivered to the sellers. The Company has accounted for these potentially issuable shares as share-based compensation under SFAS No. 123(R) for shares of common stock that contain a performance or service condition. The Company has determined the value of these shares to be $369,969, or $0.027 per share, and is amortizing this compensation over four months, the period of time in which the satisfaction of the operational milestones is expected to be fulfilled that will result in the release of the 13,702,556 shares from escrow. For accounting purposes, shares held in escrow are not considered outstanding, but are deemed to be potential dilutive shares for loss per share calculations. During the year ended December 31, 2007, the Company amortized and recognized $348,388 of share-based compensation related to these shares.

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The remaining 13,702,555 restricted shares issued under the Global Agreement will be released from escrow upon satisfaction of certain market capitalization levels (based on the number of outstanding shares at the average closing price of the previous sixty trading days) and average daily trading volume (for the previous sixty trading days). These potentially issuable shares will be released as follows:

a. 4,567,518 shares will be released upon the achievement of $6 million market capitalization and 75,000 shares of average daily trading volume,

b. 4,567,518 shares will be released upon the achievement of $12 million market capitalization and 100,000 shares of average daily trading volume, and

c. 4,567,519 shares will be released upon the achievement of $20 million market capitalization and 125,000 shares of average daily trading volume.

These restricted shares are being held in escrow subject to the satisfaction of these milestones, at which time such shares will be released from escrow and delivered to the sellers. On November 30, 2007, the first of these milestones was met and 4,567,518 shares were released from escrow and delivered to the sellers. The Company has accounted for these potentially issuable shares as share-based compensation under SFAS No. 123(R), for shares of common stock that contain a market condition. The Company has determined the value of these shares to be $369,969, or $0.027 per share, and is amortizing this compensation over the periods of time in which the satisfaction of each of the three market capitalization and trading volume milestones is expected to be fulfilled that will result in the release of the 13,702,555 shares from escrow. The Company estimated these time periods to be approximately three months for the first tranche of stock and two years for the second and third tranches. For accounting purposes, shares held in escrow are not considered outstanding, but are deemed to be potential dilutive shares for loss per share calculations. During the year ended December 31, 2007, the Company amortized and recognized $161,860 of share-based compensation related to these shares.

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 $191,547 during the year ended December 31, 2007, of which $40,797 was expensed as compensation to Mobius and $150,750 was capitalized as plantation development costs pursuant to AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*.

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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.

Mr. Palmer’s compensation package includes an annual base salary of $250,000, subject to annual increases based on changes in the Consumer Price Index, and a bonus payment based on Mr. Palmer’s satisfaction of certain performance criteria established by the compensation committee of the Company’s Board of Directors. The bonus amount in any fiscal year will not exceed 100% of Mr. Palmer’s base salary. As of yet, no performance criteria have been established. Mr. Palmer is eligible to participate in the Company’s employee stock option plan and other welfare plans. The Company granted Mr. Palmer an incentive option to purchase up to 12,000,000 shares of its common stock at an exercise price of $0.03 per share (the trading price on the date the agreement was signed). The options vest upon the Company’s achievement of certain market capitalization goals. When the Company’s market capitalization reaches $75 million, the incentive option will vest with respect to 6,000,000 shares. When the Company’s market capitalization reaches $120 million, the incentive option will vest with respect to the remaining 6,000,000 shares. The option expires five years after grant.

If Mr. Palmer’s employment is terminated by the Company without “cause” or by Mr. Palmer for “good reason”, he will be entitled to severance payments including 100% of his then-current annual base salary, plus 50% of the target bonus for the fiscal year in which his employment is terminated, and the incentive option to purchase 12,000,000 shares of common stock shall vest following termination of Mr. Palmer’s employment.

The Company has accounted for the options under Mr. Palmer’s employment agreement as share-based compensation under SFAS No. 123(R), for options to purchase common stock that contain a market condition. The Company valued these options at $264,000 using the Black-Scholes pricing model. The weighted average fair value of the stock options was $0.022 per share. The weighted-average assumptions used for the calculation of fair value were risk-free rate of 4.21%, volatility of 116%, expected life of five years, and dividend yield of zero. The Company is amortizing this compensation over the period of time in which the satisfaction of each of the two market capitalization milestones is expected to be fulfilled that will result in the vesting of these stock options. The Company currently estimates these time periods to be three years. During the year ended December 31, 2007, the Company amortized and recognized $29,652 of share-based compensation related to these options.

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 has decided to initiate its Jatropha Business in Mexico, and has already 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.

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Under the supervision of the Company's management and Mobius, the LODEMO Group will be 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 will be 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 increase yield and a sales commission for biomass sales. Under this agreement, the Company has paid the LODEMO Group or accrued $158,028 during the year ended December 31, 2007, all of which was capitalized as plantation development costs pursuant to AICPA Statement of Position 85-3, *Accounting by Agricultural Producers and Agricultural Cooperatives*.

NOTE E – PLANTATION DEVELOPMENT COSTS AND EQUIPMENT

Plantation development costs and equipment as of December 31, 2007 and 2006 are as follows:

	2007	2006
Plantation development costs	$ 308,777	$ -
Research equipment	-	167,341
Office equipment	1,127	1,127
Total cost	309,904	168,468
Less accumulated depreciation	(563)	(106,219)
Plantation development costs and equipment, net	$ 309,341	$ 62,249

Of the balance of equipment at December 31, 2006, $61,460 is carried as Assets Held for Sale in the accompanying Balance Sheet. Depreciation expense was $10,494 and $18,386 for the years ended December 31, 2007 and 2006, respectively. Plantation development costs are not currently being depreciated. Upon completion of the plantation development, those costs will be depreciated over the shorter of the useful life of the related asset or over the term of the lease. The plantation development costs of $308,777 are located in Mexico.

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NOTE F — DEBT

Loan Agreement

In order to fund ongoing operations pending closing of the sale to Eucodis, the Company entered into a loan agreement with, and issued a promissory note in favor of, Mercator Momentum Fund III, L.P. (Mercator). Mercator, along with two other affiliates, owns 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. 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. Subsequent to February 2008, the loan was paid down to $200,000 and the maturity date was extended to June 21, 2008. The foregoing loan is secured by a lien on all of the assets of the Company.

Under the loan agreement, interest is payable on the loan at a rate of 12% per annum, payable monthly. In connection with the closing of the loan, the Company agreed to (i) the cancellation of certain warrants to purchase 27,452,973 shares of common stock at $0.1967 per share previously issued to the lender and certain of its affiliates and (ii) the issuance of new warrants to purchase 27,452,973 shares of common stock at $0.01 per share. The new warrants permit the cash-less exercise of the warrants and expire on September 30, 2013. As more fully described in Note G, the warrants that were cancelled were being accounted for as a liability in the accompanying financial statements because the Company was unable to guarantee that there would be enough shares of common stock to settle other "freestanding instruments." The carrying value of the liability related to these warrants on the date of cancellation was $62,205. The new warrants that were issued in connection with this loan agreement were also characterized as a liability in these financial statements. The fair value of the new warrants was determined to be $691,815, or $0.0252 per share, using the Black-Scholes pricing model. The weighted-average assumptions used for the calculation of fair value were risk-free interest rate of 4.10%, volatility of 123%, expected life of six years, and dividend yield of zero. On the date of issuance, the fair value of the new warrants has been recorded as (i) a discount to the note in the amount of $250,000 and (ii) a charge of $441,815 to "Unrealized Gain (Loss) on Financial Instrument" in the accompanying Consolidated Statement of Operations. The discount to the note was amortized over the original term of the loan agreement from September 7, 2007 to December 14, 2007, and recorded as "interest expense from amortization of discount on secured promissory note" in the amount of $250,000.

Notes Payable

The Company has notes payable to shareholders in the aggregate amount of $56,000 at December 31, 2007 and 2006. The notes originated between 1997 and 1999, bear interest at 12%, are unsecured, and are currently in default. Accrued interest on the notes totaled $72,091 and $65,371 at December 31, 2007 and 2006, respectively.

Convertible Notes Payable

The Company has convertible notes payable to certain individuals in the aggregate amount of $193,200 at December 31, 2007 and 2006. The notes originated in 1996, bear interest at 12%, are unsecured, and are currently in default. Each $1,000 note is convertible into 667 shares of the Company's common stock. Accrued interest on the convertible notes totaled $225,552 and $202,368 at December 31, 2007 and 2006, respectively.

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Long-Term Liability and Gain on Debt Restructuring

On June 10, 2006, the Company entered into an agreement with a former creditor to forgive certain amounts owed. The balance owed before the agreement was $229,066. According to the agreement, $3,975 was paid on the date of the agreement, another $3,975 was paid on August 13, 2006, and $131,116 was forgiven. The remaining balance of $90,000 was to be due and payable immediately upon the Company's receipt of $1 million in cumulative license revenue from the Company's drug MDI-P in any human indication. The remaining liability of $90,000 was recorded as Long-Term Liability. As further described in Note C, this liability was extinguished as a result of the sale of MDI-P for less than $1 million. Accordingly, this liability was no longer owed and was written off in 2007. Additionally, as further described in Note K, the Company entered into a settlement agreement with its former chief executive officer during 2007, which resulted in a gain of $395,137 on the settlement of compensation owing to her. As a consequence of these two transactions, the Company recorded gain on debt restructuring in the amount of $485,137 in the accompanying financial statements for the year ended December 31, 2007.

Additionally, in 2006, the company determined $476,645 of previously recorded accrued payroll and payroll taxes had passed their statute of limitations for collection, were written off, and are included in gain on debt restructuring in the accompanying financial statements for the year ended December 31, 2006.

NOTE G — STOCKHOLDERS' EQUITY

Common Stock

As more fully described in Note D, the Company issued 63,945,257 shares of its common stock for all of the issued and outstanding membership interests of Global Clean Energy Holdings, LLC. Of the 63,945,257 shares issued under the Global Agreement, 36,540,146 shares were issued and delivered at the closing of the Global Agreement without any restrictions and have been recorded in the accompanying financial statements as issued and outstanding. The remaining 27,405,111 shares of common stock were held in escrow by the Company and are not reported in the accompanying financial statements as issued and outstanding, except for 4,567,518 shares which were released on November 30, 2007 after achievement of the related milestones.

On September 14, 2007, the Company entered into a one-year agreement with a consultant for investor relations services. Under the agreement, the Company agreed to pay total compensation of $105,000 over the one-year term. As additional compensation, the Company issued 4,357,298 shares of restricted common stock to the consultant and granted piggyback registration rights for the stock to be registered in connection with the Company's next registration of securities. The issuance of the common stock was expensed as share-based compensation in the amount of $117,647, or $0.027 per share on the date of the agreement.

During the year ended December 31, 2006 the Company issued 435,556 shares of restricted common stock for services totaling $78,400 or $0.18 per share, which was the fair value of the services rendered.

Series A Convertible Preferred Stock, Warrants and Financial Instrument

During the year ended December 31, 2005, the Company issued an additional 30,000 shares of Series A Convertible Preferred Stock and warrants to purchase 22,877,478 shares of common stock for a total offering price of $3.0 million. The Company incurred $340,000 of offering costs and issued to the placement agent warrants to purchase 1,220,132 shares of common stock exercisable at $0.1967 per share, which were exercisable for a period of three years.

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Each share of Preferred Stock entitles the holder to convert the share of Preferred Stock into the number of shares of common stock resulting from dividing $100 by the conversion price. The conversion price is 75% of the average of the three lowest intra-day trading prices for the Company's common stock during the 10 trading days immediately preceding the conversion date. The conversion price may not exceed $0.1967 and has a conversion price floor of $0.05. The warrants are subject to equitable adjustment in connection with a stock split, stock dividend or similar transaction. As originally issued, the warrants entitled the holder to purchase up to 22,877,478 shares of common stock of the Company at $0.1967 per share and were to expire three years after the date of issuance.

The Series A Convertible Preferred Stock has no voting rights. In the event of liquidation, the holders are entitled to a liquidating distribution of $100 per share. The Company also entered into a registration rights agreement with the investors requiring the Company to use its "best efforts" to timely file a registration statement with the Securities and Exchange Commission registering the shares of common stock issuable upon conversion of the Preferred Stock and exercise of the warrants. There are no significant liquidation damages in the event the Company is unable to file its registration statement.

The conversion feature of the Series A Convertible Preferred Stock has 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 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. As of December 31, 2007, the Company did not have enough authorized shares to settle their "freestanding instruments". 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.

At December 31, 2006, the fair value of the financial instrument was $294,988 based on a Black-Scholes calculation with the weighted-average assumptions for volatility of 138%, risk-free interest rate of 5.0%, an expected life of one year, and a dividend yield of zero. The change in fair value was recorded as "unrealized gain on financial instrument" in the accompanying Consolidated Statement of Operations of $2,564,608 for the year ended December 31, 2006. During the year ended December 31, 2007, the Company remeasured the fair value of the outstanding warrants. At December 31, 2007, the fair value was determined to be $2,166,514 based on a Black-Scholes pricing calculation with the weighted-average assumptions for volatility of 136%, a risk-free interest rate of 3.7%, an expected life of 7.3 years, and a dividend yield of zero. For the year ended December 31, 2007 the Company has recorded an unrealized loss on financial instrument of $147,636. 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 would then be able to settle all 'freestanding instruments". Accordingly, the Company will reclassify the liability, characterized in the accompanying financial statements as "Financial Instrument", in the amount of $2,166,514, to equity in January 2008.

In January 2006, the preferred stockholders converted 200 shares of Series A Preferred Stock into 242,424 shares of common stock at a conversion price of $.0825 per share. The preferred stock had an assigned value of $8,722, which was reclassified to common stock at the date of conversion. During May 2006, the preferred stockholders converted 7,380 shares of Series A Preferred Stock into 10,000,000 shares of common stock at a conversion price of $.0738 per share. The preferred stock did not have any assigned value due to all the proceeds being assigned to the financial instrument liability. In September 2007, the preferred stockholders converted 5,492 shares of Series A Preferred Stock into 10,983,521 shares of common stock at a conversion price of $0.05 per share. This preferred stock also did not have any assigned value.

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Mercator Momentum Fund, LP; Monarch Pointe Fund, Ltd.; and Mercator Momentum Fund III, LP, each a private investment entity (collectively, the MAG Funds) are the preferred stockholders who purchased all of the shares of the Company's Series A Preferred Convertible Stock in 2004 and in 2005. In connection with the 2005 investment, the Company had agreed to eliminate the conversion price floor of the Series A Stock. The Company failed to file an amendment to the Series A Stock Certificate of Designations of Preferences and Rights for the Series A Stock that would have eliminated the conversion price floor. Accordingly, in connection with an intended conversion of some of their Series A Stock in September 2007, the MAG Funds were required to convert Series A Stock at a conversion price higher than the price that would have applied if the Amendment had been filed as agreed.

On October 22, 2007, the Company executed and entered into a Release and Settlement Agreement (the Release Agreement), with the MAG Funds to settle all losses and damages that MAG may have suffered, and may hereafter suffer, as result of the Company's failure to file the amendment to the Series A Stock Certificate of Designations of Preferences and Rights for the Series A Stock. Pursuant to the Release Agreement, the Company issued to the MAG Funds a ten-year warrant to acquire up to 17,000,000 shares of the Company's common stock at an exercise price of $0.01 per share, expiring October 17, 2017. The initial warrant price is subject to adjustments in connection with (i) the Company's issuance of dividends in shares of Common Stock, or shares of Common Stock or other securities convertible into shares of Common Stock without consideration, (ii) any cash paid or payable to the holders of Common Stock other than as a regular cash dividend, and (ii) future stock splits, reverse stock splits, mergers or reorganizations, and similar changes affecting common stockholders. The issuance of the warrant has been accounted for as share-based compensation in the amount of $1,181,890 based on a Black-Scholes pricing calculation with the assumptions for volatility of 141.5%, a risk-free interest rate of 4.57%, an expected life of 10 years, and a dividend yield of zero. The fair value of the warrant has been included in the liability for the financial instrument.

The warrant issued to the MAG Funds contain beneficial ownership limitations, which preclude the MAG Funds from exercising its warrant if, as a result of such conversion or exercise, the MAG Funds would own beneficially more than 9.99% of the Company's outstanding common stock then outstanding. Pursuant to the Release Agreement, the MAG Funds released the Company from any and all claims, past, present or future, relating to the losses or the Company's failure to file the amendment. In addition, MAG has agreed not to pursue litigation against the Company in connection with the losses or the Company's failure to file the amendment.

<u>Series B Preferred Stock</u>

In order to obtain additional working capital, on November 6, 2007, the Company entered into a Securities Purchase Agreement with two accredited investors, pursuant to which the Company sold a total of 13,000 shares of our newly authorized Series B Convertible Preferred Stock ("Series B Shares") for an aggregate purchase price of $1,300,000, less offering costs of $9,265. Each share of the Series B Shares has a stated value of $100. The Company collected $1,225,000 of the proceeds from the sales of the Series B Preferred Stock in 2007. The remaining proceeds of $75,000 were collected in February 2008, and are reflected as a subscription receivable in the accompanying Balance Sheet at December 31, 2007.

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

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

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

NOTE H — INCOME TAXES

Income taxes are provided for temporary differences between financial and tax bases of assets and liabilities. The following is a reconciliation of the amount of benefit that would result from applying the federal statutory rate to pretax loss with the benefit from income taxes for the years ended December 31, 2007 and 2006:

	2007	2006
Federal income tax benefit at statutory rate of 34%	$ 1,501,000	$ 62,000
State income tax, net of federal benefit	265,000	11,000
Unrealized gain (loss) on financial instrument	(59,000)	1,026,000
Share-based compensation, net	(764,000)	-
Adjustment of operating loss carryforwards	1,463,000	-
Other differences	(1,000)	-
Change in valuation allowance	(2,405,000)	(1,099,000)
	$ -	$ -

The components of deferred tax assets and liabilities are as follows at December 31, 2007 and 2006, using a combined deferred income tax rate of 40%:

	2007	2006
Net operating loss carryforward	$ 10,106,000	$ 7,684,000
Research and development credits	80,000	80,000
Share-based compensation	714,000	673,000
Accrued compensation	373,000	436,000
Accumulated depreciation	-	(5,000)
Valuation allowance	(11,273,000)	(8,868,000)
Net deferred tax asset	$ -	$ -

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

The Company has available net operating losses of approximately $25,000,000 which can be utilized to offset future earnings of the Company. The Company also has available approximately $80,000 in research and development credits which expire in 2008. The utilization of the net operating losses and research and development credits are dependent upon the tax laws in effect at the time such losses can be utilized. The loss carryforwards expire between the years 2008 and 2027. Should the Company experience a significant change of ownership, the utilization of net operating losses could be reduced.

NOTE I – CONSULTING AGREEMENTS

In February 2007, the Company engaged the Emmes Group, a consulting firm, to assist it in resolving its financial issues, to obtain advice regarding any strategic alternatives that may be available to it, and to prevent the Company from losing all of its assets in bankruptcy. The Executive Vice President and Managing Director of the Emmes Group was appointed to be a director of the Company in August 2007. During the past several months, the Company has explored a number of transactions that would (i) prevent the Company’s shareholders from losing their entire investment in the Company and (ii) enable the Company to repay some of its currently outstanding debts and liabilities. The consulting agreement has a term of one year. As compensation for its services, the consultant is to receive $15,000 per month plus a warrant to purchase 5,000,000 shares of the Company’s common stock. The warrant has an exercise price of $0.03 per share, contains a cash-less exercise provision, and expires ten years from date of issue. The Company valued this warrant at $146,000 using the Black-Scholes pricing model. The weighted average fair value of the stock options was $0.0292 per share. The weighted-average assumptions used for the calculation of fair value were risk-free interest rate of 4.84%, volatility of 134%, expected life of ten years, and dividend yield of zero. The fair value of the warrant was expensed as share-based compensation on the date of issue. The fair value of the warrant has been included in the liability for the financial instrument.

In February 2007, the Company entered into another consulting agreement with an individual to assist it in the preparation of financial statements and reporting to the SEC. The consulting agreement had a term of one year. As compensation for its services, the consultant was to receive $10,000 per month plus a warrant to purchase 5,000,000 shares of the Company’s common stock. The warrant has an exercise price of $0.03 per share, contains a cash-less exercise provision, and expires ten years from date of issue. The Company valued this warrant at $146,000 using the Black-Scholes pricing model. The weighted average fair value of the stock options was $0.0292 per share. The weighted-average assumptions used for the calculation of fair value were risk-free interest rate of 4.84%, volatility of 134%, expected life of ten years, and dividend yield of zero. The fair value of the warrant was expensed as share-based compensation on the date of issue. The fair value of the warrant has been included in the liability for the financial instrument. This consulting agreement was terminated in May 2007. Since the consulting agreement was terminated prior to its expiration date, the Company’s obligations under the consulting agreement, if any, for the period after the termination date are unclear. No demand for any additional compensation has been made against the Company under the consulting agreement.

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NOTE J – STOCK OPTIONS AND WARRANTS

Stock Options and Compensation-Based 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 Notes D, G, and I, the Company has issued stock options and compensation-based warrants during the year ended December 31, 2007 to acquire 39,000,000 million shares of the Company's common stock. During the year ended December 31, 2007, as more fully described in Note K, the Company canceled an option to acquire 14,000,000 shares of common stock pursuant to a settlement agreement with the Company's former chief executive officer. During the year ended December 31, 2006, the Company granted a stock option to a former officer and director. The option was for 500,000 shares exercisable at $0.25 per share through December 31, 2010. The option was fully vested on January 1, 2006. 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 December 31, 2007 and 2006, and changes during the years 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, 2006	19,483,000	$ 0.04		
Granted	500,000	0.25		
Expired	(100,000)	0.50		
Outstanding at December 31, 2006	19,883,000	$ 0.05		
Granted	39,000,000	0.02		
Cancelled	(14,000,000)	0.02		
Outstanding at December 31, 2007	44,883,000	$ 0.03	7.6 years	$ 790,000
Exercisable at December 31, 2007	32,883,000	$ 0.03	8.6 years	$ 670,000

At December 31, 2007, 80,000 of the options outstanding 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 and compensation-based warrants issued during the year ended December 31, 2007 was $0.045. The weighted-average assumptions used for options granted and compensation-based warrants issued during the year ended December 31, 2007 were risk-free interest rate of 4.5%, volatility of 132%, expected life of 8.5 years, and dividend yield of zero. The weighted- average fair value of stock options granted during the year ended December 31, 2006 was $0.13. The weighted-average assumptions used for options granted during the year ended December 31, 2006 were risk-free interest rate of 4.3%, volatility of 152%, expected life of 5 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 years ended December 31, 2007 and 2006 was $2,131,437 and $145,750, 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
Year ended December 31, 2007	$ 2,014,637	$ 116,800	$ 2,131,437
Year ended December 31, 2006	-	145,750	145,750

As of December 31, 2007, there is approximately $464,000 of unrecognized compensation cost related to stock-based payments that will be recognized over a weighted average period of approximately 2.1 years.

Stock Warrants

A summary of the status of the warrants granted at December 31, 2007 and 2006, and changes during the years then ended is presented in the following table:

	Shares Under Warrant	Weighted Average Exercise Price
Outstanding at January 1, 2006	40,923,861	$ 0.23
Issued	-	-
Expired	(1,950,000)	1.00
Outstanding at December 31, 2006	38,973,861	$ 0.19
Issued	29,161,157	0.01
Cancelled	(29,161,157)	0.20
Expired	(7,940,482)	0.15
Outstanding at December 31, 2007	31,033,379	$ 0.02

NOTE K – RELEASE AND SETTLEMENT AGREEMENT WITH CHIEF EXECUTIVE OFFICER

On August 31, 2007, the Company entered into a Release and Settlement Agreement with Judy Robinett, the Company’s then-current Chief Executive Officer, pursuant to which Ms. Robinett agreed to continue to act as the Company’s transitional Chief Executive Officer. Under the agreement, Ms. Robinett agreed to, among other things, assist the Company in the sale of its legacy assets, complete the preparation and filing of the delinquent reports to the Securities and Exchange Commission (the SEC) that related to the periods prior to the appointment of Mr. Palmer, and provide certain shareholder and creditor related services. Upon the completion of the foregoing matters, in particular the filing of the delinquent reports to the SEC, Ms. Robinett was to resign, and Mr. Palmer was to thereafter assume the office of Chief Executive Officer. 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 foregoing stock options, and settlement of other issues, the Company agreed to (a) pay Ms. Robinett $500,000 upon the receipt of the Eucodis cash payment under the agreement to sell the SaveCream Assets, (b) pay Ms. Robinett a commission of fifteen percent of the gross proceeds received by the Company from the sale of the MDI-P asset, (c) pay Ms. Robinett $20,833 in monthly salary for serving as transitional Chief Executive Officer of the Company during the period from April 1, 2007 until the effective date of her resignation, and (d) permit Ms. Robinett to retain some of her previously granted incentive stock options in such an amount allowing her to purchase up to two million shares of common stock, which options shall continue to have the same terms and conditions as currently in existence, including an option price of $0.01 per share and expiration date of December 31, 2112. Pursuant to this agreement, Ms. Robinett resigned on December 21, 2007. As a consequence of the settlement agreement, the Company i) has recorded a gain on the settlement of debt of $395,137, representing the difference between Ms. Robinett's accrued compensation and the settlement amount of $500,000, and ii) has cancelled her option to purchase 14,000,000 shares of common stock.

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NOTE L — OTHER SIGNIFICANT TRANSACTIONS RELATED TO DISCONTINUED OPERATIONS

Formestane Cream (formerly SaveCream) Asset Purchase

On March 16, 2005, the Company completed the purchase of the intellectual property assets (the “Assets”) of Savetherapeutics AG, a German corporation in liquidation in Hamburg, Germany (“SaveT”). The Assets consist primarily of patents, patent applications, pre-clinical study data and clinical trial data concerning formestane cream (formerly called SaveCream), a developmental-stage topical aromatase inhibitor treatment for breast cancer. Formestane cream did not generate revenues for SaveT.

The purchase price of the Assets was €2,350,000 (approximately $3.4 million under December 31, 2007 exchange rates), payable as follows: €500,000 at closing, €500,000 (approximately $665,700 on the date of the transaction) upon conclusion of certain pending transfers of patent and patent application rights from formestane cream’s inventors to the Company, and the remaining €1,350,000 ($1,971,000 using December 31, 2007 exchange rates) upon successful commercialization of the Assets.

The pending transfers of patent and patent application rights have not occurred as of December 31, 2007. The Company has deemed the transfers are reasonably likely to occur due to existing contractual commitments of the inventors and the reasonably likely success of the Company’s action in German court proceeding to affect these transfers. Accordingly, the Company has recorded the second €500,000 payment as a research and development obligation in these financial statements.

In July 2006 the Company entered into a co-development and license agreement with Eucodis Forschungs-und Entwicklungs GmbH (Eucodis), which provides for up-front licensing fees and milestone payments in excess of the €1,350,000 threshold for successful commercialization of the Assets. Accordingly, in the year ended December 31, 2006 the Company recorded the final €1,350,000 purchase price payment as research and development obligation in the accompanying financial statements. Consistent with the Company’s conclusion that no business had been acquired in connection with the purchase of the Assets, the charge has been reflected as a research and development expense in the accompanying financial statements. During the years ended December 31, 2007 and 2006, the Company recognized revenue of $200,000 and $800,000, respectively, from the co-development and license agreement, which amounts are included in Loss from Discontinued Operations in the accompanying Consolidated Statements of Operations.

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Note receivable and R&D agreement

On July 15, 2005, the Company entered into an Assignment of Patent, Participation and Research and Development Agreement (the "Agreement") with the inventor of the Company’s SaveCream lead drug candidate. The terms of the Agreement included the Company granting a €500,000 non-interest bearing loan to the inventor. The loan was secured by profits expected to be received by the inventor resulting from the inventor's 6% ownership interest in MDI Oncology, Inc., a wholly-owned subsidiary of the Company. The Agreement also included a consulting agreement for the inventor to perform research and development work. The consulting fee was €10,000 (approximately $14,600 under December 31, 2007 exchange rates) per month, under which the Company paid €60,000 (approximately $87,600 under December 31, 2007 exchange rates).

On October 27, 2006 the Company and the inventor amended the Agreement. In exchange for certain intellectual property rights, the amended agreement (i) terminated the balance of the non-interest bearing loan (€250,000) not already advanced to the inventor under the terms of the earlier July 15, 2005 agreement, (ii) terminated the consulting agreement requiring the inventor to perform certain research and development work and the fee-for-service payments anticipated to be made by the Company, and (iii) cancelled the inventor's 6% ownership interest in MDI Oncology, Inc. The amended agreement further stipulated that the €250,000 already advanced to the inventor in two installments of €100,000 and €150,000, respectively, as a non-interest bearing loan under the July 15, 2005 agreement (the "Loan"), would be secured by 2,301,000 warrants (the "Warrant") for the Company’s common stock issuable to the inventor upon conclusion of certain pending transfers of patent and patent application rights to the Company. The Warrant would have a strike price of $0.001 per share and a 10 year expiration date. The Warrant would be issued to the inventor upon transfer of all intellectual property rights related to the SaveCream lead drug candidate. As of December 31, 2006, these intellectual property rights were not transferred. At December 31, 2006, the subject patents had yet to be transferred, and the principal amount of the Loan outstanding was €250,000 (approximately $365,000 under December 31, 2007 exchange rates). During the year ended December 31, 2006, the Company provided in the accompanying financial statements an allowance of the full amount related to collectibility of this note receivable.

NOTE M — RELATED PARTY BALANCES

At December 31, 2007 and 2006, the Company had accrued payroll and payroll taxes to current and former officers, employees, and directors totaling $950,971 and $1,184,264 for services performed and costs incurred in behalf of the Company, including $583,332 and $836,804, respectively, to the Company’s former President and Chief Executive Officer, and $77,750 and $75,500, respectively, to the Company’s former controller. As further discussed in Note K, the Company has entered into a Release and Settlement Agreement with the former President and Chief Executive Officer which, among other things, provides for the settlement of amounts due to her.

Other disclosures of related party transactions are included in Notes D, F, G, and I to these Consolidated Financial Statements.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 8A(T). 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 annual 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 annual 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 three employees. 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 annual 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. In September 2007, we determined that there were internal control deficiencies. As a result, under the direction of the Audit Committee, management developed and implemented the following additional measures designed to ensure that information required to be disclosed in our periodic reports is recorded, processed, summarized and reported accurately, including the following:

- We retained Gilderman, Garabedian & Flummerfelt, LLP, an independent accounting firm, to manage our day-to-day internal accounting functions;

- We retained Osborne, Robbins & Buhler, PLLC, an independent accounting firm, to assist us with the preparation of our financial reports to be included in our periodic reports required to be filed under the Act;
- We consolidated all or our record keeping and accounting functions in our Los Angeles office;
- We developed and implemented improved accounting and management financial reporting policies and procedures;
- We hired ADP, Inc., an outside payroll service, to process all payrolls and make the required payroll withholding deductions and deposits; and,
- We implemented additional banking procedures and imposed additional pre-approval authorization policies.

Management believes that, with the additional measures we have adopted since October 1, 2007, and given the limited nature of our operations and small number of employees at this time, our system of internal controls, disclosure controls and procedures is adequate to provide reasonable assurance that the information required to be disclosed in our interim and annual reports is recorded, processed, summarized, and accurately reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our Board of Directors, the Audit Committee, management, including our certifying officers, as appropriate, to allow for timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permits us to provide only management's report in this annual report.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS, CONTROL PERSONS AND CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

The following table sets forth certain information regarding our executive officers and directors.

Name	Age	Title
David R. Walker	63	Chairman of the Board of Directors and Treasurer
Richard Palmer	47	President, Chief Executive Officer, Chief Financial Officer and Director
Eric J. Melvin	44	Director and Secretary
Martin Schroeder	54	Director

David R. Walker

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

Richard Palmer

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

Eric J. Melvin

Eric Melvin was elected to our Board of Directors in September 2007 and was appointed as our Secretary in October 2007. Mr. Melvin is a co-founder of Mobius Risk Group, LLC, and has been its Chief Executive Officer since January 2002. He has extensive commodity trading and marketing experience including: natural gas (physical and financial), power, crude products, coal, weather, fixed income and foreign exchange, as well as a strong track record of developing and managing profitable energy trading, marketing and origination groups. Eric has established trading processes and risk guidelines and has selected and implemented financial and physical trading systems. He received his BGS (Bachelor of Graduate Studies) from the University of Michigan, Ann Arbor and a J.D. from University of Detroit, School of Law.

Martin Schroeder

Martin Schroeder has been a member of the Board of Directors since August 2007. He has been the Executive Vice-President and Managing Director of The Emmes Group, Inc., a strategic business consulting firm, since August 1998. He has been the principal of Emmes Group Consulting, LLC since 1998. Mr. Schroeder holds a Bachelor of Science in Biochemistry from the University of California at Los Angeles, and a Masters of Science in Biochemistry from California State University Long Beach.

Compliance with Section 16(a) of the Exchange Act

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

Based solely on information provided to us by our officers and our review of copies of reporting forms received by us, we believe that during fiscal year ended December 31, 2007, our officers and directors complied with the filing requirements under Section 16(a).

Code of Ethics

Our Board of Directors has adopted a code of ethics that applies to our principal executive officers, principal financial officer or controller, or persons performing similar functions (“Code of Ethics”). The text of the Code of Ethics was filed as an exhibit to a prior Annual Report.

Board Committees

During fiscal 2007, the Board of Directors maintained an Audit Committee. The Board of Directors does not currently have a Compensation Committee or a Nominating Committee, but intends to establish these committees in 2008.

The Audit Committee meets periodically with management and with our independent registered public accounting firm to, among other things, review the results of the annual audit and quarterly reviews and discuss the financial statements. The audit committee also hires the independent registered public accounting firm, and receives and considers the accountant’s comments as to controls, adequacy of staff and management performance and procedures. The Audit Committee is also authorized to review related party transactions for potential conflicts of interest. As of December 31, 2007, Mr. Walker and Mr. Schroeder constituted all of the members of the Audit Committee. Mr. Walker is a non-employee director and independent as defined under the Nasdaq Stock Market’s listing standards. Mr. Schroeder is a principal of The Emmes Group, a consulting firm that has provided consulting services to us from February 2007 to January 2008 and has earned $180,000 in consulting fees from us during that period. Accordingly, Mr. Schroeder is not an independent member of the Audit Committee as defined under the Nasdaq Stock Market’s listing standards. Each of the members of the Audit Committee has significant knowledge of financial matters to be deemed to be an “audit committee financial expert” of the Audit Committee. Although Mr. Schroeder is not independent as defined under the Nasdaq Stock Market’s listing standards, due to Mr. Schroeder’s experience and because our stock is not currently listed on any of the Nasdaq markets, our Board of Directors has determined that he can competently perform the functions required of him as a member of the Audit Committee. The Audit Committee met 10 times in 2007 in connection with filing our Annual Report for the period ended December 31, 2006, and our subsequent Quarterly Reports on Form 10-QSB. The Audit Committee operates under a formal charter that governs its duties and conduct.

ITEM 10. EXECUTIVE COMPENSATION.

Director Compensation. Our Board of Directors previously adopted a plan pursuant to which directors who are not officers of this company are entitled to receive $1,000 per meeting attended in person and are entitled to an annual grant of $50,000 of shares of our common stock. Directors, however, are entitled to receive compensation for services unrelated to their service as a director to the extent that they provide such unrelated services to the Company. See “Related Party Transactions” below.

Summary Compensation Table. The following table sets forth certain summary information concerning compensation paid by this company to all persons who acted as our Chief Executive Officer (the “Named Executive Officer”) at any time during the year ended December 31, 2007. No other executive officer received a total annual salary and bonus in excess of $100,000 during the year ended December 31, 2007.

Summary Compensation Table

Name and Principal Position(s)	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation**	**Securities Underlying Options (#)**
Judy M. Robinett	2007	$ 275,000	$ 46,500		—
Chief Executive Officer(1)	2006	$ 350,000	—		—
	2005	$ 322,500	—		—
Richard Palmer President, Chief Executive Officer, and Chief Operating Officer(2)	2007	$ 83,333		$ 7,800(3)	12,000,000(4)

(1) Ms. Robinett served as Chief Executive Officer until December 21, 2007.

(2) Mr. Palmer became the Chief Executive Officer on December 21, 2007.

(3) Represents payments made for Mr. Palmer's for health and other insurance benefits

(4) Represents a five-year option to purchase 12,000,000 shares of our common stock granted on August 30, 2007 at an exercise price of $0.03 per share (the closing price of our stock on the date of grant). The options are subject to various vesting provisions.

Option Grants. The following table contains information concerning grants of stock options during the fiscal year ended December 31, 2007 by us to the Named Executive Officers. We have not granted any stock appreciation rights.

Option Grants in Fiscal Year Ended December 31, 2007

	Individual Grants				
Name	Number of Shares Underlying Options Granted	% of Total Options Granted to Employees In Fiscal Year	Exercise Price	Market Price on Date of Grant	Expiration Date
Richard Palmer	12,000,000	100%	$ 0.03	$ 0.03	August 30, 2012

Aggregate Options. The following table sets forth the number and value of unexercised options held by the Named Executive Officers as of December 31, 2007. There were no exercises of options by the Named Executive Officer in fiscal year 2007.

Aggregated Option/SAR Exercises in Fiscal Year Ended December 31, 2007
and FY-End Option/SAR Values

Name	**Shares Acquired on Exercise (#)**	**Value Realized ($)**	**Number of Securities Underlying Unexercised Options at December 31, 2007 (#) Exercisable/Unexercisable**	**Value of Unexercised In-the-Money Options at December 31, 2007 ($) Exercisable/Unexercisable**
Richard Palmer	—	—	0/12,000,000	$ 0/$120,000
Judy M. Robinett	—	—	2,000,000 / 0	$ 60,000/$0

During the fiscal year ended December 31, 2007, we did not adjust or amend the exercise price of stock options awarded to the Named Executive Officers.

Employment Agreement

On September 7, 2007, we entered into an employment agreement with Richard Palmer pursuant to which we hired Richard Palmer to serve as our President and Chief Operating Officer. Mr. Palmer was also appointed to serve as director on our Board of Directors to serve until the next election of directors by our shareholders. Pursuant to Mr. Palmer's employment agreement, effective December 21, 2007, following Ms. Robinett's resignation as our Chief Executive Office, Mr. Palmer became our Chief Executive Officer. We hired Richard Palmer to take advantage of his experience and expertise in the feedstock/bio-diesel space, and in particular, in the Jatropha bio-diesel and feedstock business.

Under our employment agreement with Mr. Palmer, we granted Mr. Palmer an incentive option to purchase up to 12,000,000 shares of our common stock at an exercise price of $0.03 (the trading price on the date the agreement was signed). The stock options vest subject to our achievement of certain market capitalization goals. The option expires after five years. In addition, Mr. Palmer's compensation package includes a base salary of $250,000, and a bonus payment contingent on Mr. Palmer's satisfaction of certain performance criteria, which will not exceed 100% of Mr. Palmer's base salary. The term of employment commenced September 1, 2007 and ends on September 30, 2010.

Judy Robinett Employment and Resignation Agreements

On April 1, 2005, we entered into a 3-year employment agreement with Judy Robinett pursuant to which Ms. Robinett agreed to serve as our Chief Executive Officer for an annual salary of $350,000 plus annual bonus. As of the effective date of employment agreement, Ms. Robinett already held options giving her the right to purchase 16,000,000 shares of our common stock.

On August 31, 2007, we entered into a release and settlement agreement (effective as of September 7, 2007) ("the Release and Settlement Agreement") with Judy Robinett, our then current Chief Executive Officer, pursuant to which Ms. Robinett agreed to continue to act as our transitional Chief Executive Officer. Ms. Robinett also acted as our interim Chief Financial Officer. Under the agreement, Ms. Robinett agreed to, among other things, assist us in the sale of our legacy bio-pharmaceutical assets, complete the preparation and filing of the delinquent SEC Reports that related to the periods prior to the date of the agreement, deal with our creditors and handle our creditor issues, and to assist in maintaining our relations with our shareholders. Effective December 21, 2007, upon the completion of the foregoing matters, Ms. Robinett resigned as our Chief Executive Officer and from our Board, and Mr. Palmer became our Chief Executive Officer.

Under the release and settlement agreement, Ms. Robinett agreed to (i) forgive her 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 foregoing stock options, and settlement of other issues, we agreed to (a) pay Ms. Robinett $500,000 upon the receipt of a certain cash payment from Eucodis for the sale of our SaveCream rights under the SaveCream Asset Sale Agreement, (b) pay Ms. Robinett a commission of fifteen percent (15%) of the gross proceed we receive from the sale of the MDI-P drug, (c) pay Ms. Robinett $20,833 per month in salary and benefits for serving as our Chief Executive Officer during the period from April 1, 2007 until the date of her resignation according to terms of the Release and Settlement Agreement, and (d) permitted Ms. Robinett to retain some of her previously granted incentive stock options in such an amount allowing her to purchase up to two million (2,000,000) shares of common stock, which options shall continue to have the same terms and conditions as currently in existence, including an option price of $0.01 per share and expiration date of December 31, 2112.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS.

The following table sets forth information regarding persons known by us to beneficially own, as defined by Rule 13d-3 under the Securities Exchange Act of 1934, more than 5% of Common Stock as of December 31, 2007, based solely on information regarding such ownership available in filings by such beneficial owners with the SEC on Schedules 13D and 13G. The following table also sets forth information regarding beneficial ownership of Common Stock as of December 31, 2007, by our Directors and Judy Robinett, our Chief Executive Officer until December 21, 2007, and by the Directors and the Named Executive Officers as a group.

Name and Address of Beneficial Owner (1)	Shares Beneficially Owned (2)	Percent of Class
Certain Beneficial Owners:		
Mercator Momentum Fund, LP 555 S. Flower St., Suite 4500 Los Angeles, CA 90071	46,861,109(3)(13)	19.16%
Mercator Momentum Fund III, LP 555 S. Flower St., Suite 4500 Los Angeles, CA 90071	44,588,559(4)(13)	18.41%
Monarch Pointe Fund, Ltd. 555 S. Flower St., Suite 4500 Los Angeles, CA 90071	34,002,509(5)(13)	14.9%
David Firestone 555 S. Flower St., Suite 4500 Los Angeles, CA 90071	125,452,177(6)(13)	38.83%
Mobius Risk Group, LLC Three Riverway, Suite 1700 Houston, Texas 77056	54,810,220(7)	27.7%
Directors/Named Executive Officers:		
Judy M. Robinett	2,030,000(8)	1.0%
Richard Palmer	9,135,037(9)	4.6%
David R. Walker	1,153,539(10)	*
Eric J. Melvin Three Riverway, Suite 1700 Houston, Texas 77056	54,810,220(11)	27.7%
Martin Schroeder 92 Natoma Street, Suite 200 San Francisco, California 94105	5,000,000(12)	2.5%
All Named Executive Officers and Directors as a group (5 persons)	72,128,796	35.1%

* Less than 1%

(1) Unless otherwise indicated, the business address of each person listed is c/o Global Clean Energy Holdings, Inc., 6033 W. Century Blvd, Suite 1090, Los Angeles, California.

(2) For purposes of this table, shares are considered beneficially owned if the person directly or indirectly has the sole or shared power to vote or direct the voting of the securities or the sole or shared power to dispose of or direct the

disposition of the securities. Shares are also considered beneficially owned if a person has the right to acquire beneficial ownership of the shares within 60 days of December 31,, 2007.

(3) Includes 18,638,877 shares that may be acquired upon the exercise of currently exercisable warrants, and 17,430,000 shares of common stock issuable upon conversion of 8,715 shares of Series A convertible preferred stock based on an assumed conversion price of $0.05, which is the minimum price at which such shares of Series A convertible preferred stock can be converted.

(4) Includes 20,100,884 shares that may be acquired upon the exercise of currently exercisable warrants, and 20,590,000 shares of common stock issuable upon conversion of 10,295 shares of Series A convertible preferred stock based on an assumed conversion price of $0.05, which is the minimum price at which such shares of Series A convertible preferred stock can be converted.

(5) Includes 10,403,095 shares that may be acquired upon the exercise of currently exercisable warrants, and 19,834,000 shares of common stock issuable upon conversion of 9,917 shares of Series A convertible preferred stock based on an assumed conversion price of $0.05, which is the minimum price at which such shares of Series A convertible preferred stock can be converted.

(6) David Firestone is the managing member of MAG Capital, LLC, a California limited liability company ("MAG"). Mercator Momentum Fund, LP, and Mercator Momentum Fund III, LP, are private investment limited partnerships organized under California law. The general partner of each fund is MAG. Monarch Pointe Fund, Ltd. is a corporation organized under the laws of the British Virgin Islands. MAG controls the investment of Monarch Pointe Fund, Ltd.
(7) Includes 23,490,095 shares subject to forfeiture in the event the company has not satisfied certain conditions by September 7, 2009.
(8) Includes 2,000,000 shares that may be acquired upon the exercise of currently exercisable options.
(9) Includes 3,262,514 shares subject to forfeiture in the event the company has not satisfied certain conditions by September 7, 2009. Mr. Palmer owns 13.33% of the outstanding membership interests of Mobius. Mr. Palmer has options to acquire 12,000,000 shares of common stock, which options are not currently exercisable and will not become exercisable unless certain conditions are met. Neither the shares held by Mobius, nor the foregoing options to purchase 12,000,000 shares have not been included in the table.
(10) Includes 750,000 shares that may be acquired upon the exercise of currently exercisable options.
(11) Includes 54,810,220 shares held in the name of Mobius Risk Group, LLC, a Texas limited liability company ("Mobius"). Mr. Melvin is the Chief Executive Officer and a director of Mobius.
(12) Includes 5,000,000 shares that may be acquired upon the exercise of currently exercisable warrants held by Emmes Consulting Group, LLC, a California limited liability company. Mr. Schroeder is the Executive Vice President and Managing Director of Emmes Consulting Group, LLC.
(13) Notwithstanding the foregoing percentages, each person identified herein, individually or in the aggregate is limited by the terms of our Series A convertible preferred stock and by applicable warrants to owning no more than 9.99% of our outstanding common stock at any given time.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Emmes Consulting Agreement

On February 1, 2007, we entered into a 12-month consulting agreement (the "Emmes Agreement") with Emmes Group Consulting LLC ("Emmes") pursuant to which we engaged Emmes to assist with developing an overall strategic business plan and recapitalization strategy for our company. As compensation for its services, Emmes received a consulting fee of $15,000 per month plus a warrant to purchase 5,000,000 shares of our common stock. The warrant vested as of February 1, 2007, has an exercise price of $0.03 per share, contains a cashless exercise provision, and expires ten years from date of issue. On January 31, 2008, the Emmes Agreement expired in accordance with its terms.

Martin Schroeder, one of our directors, is currently the Executive Vice-President and Managing Director of Emmes.

Loan Agreement

In order to fund its operations pending the closing of the SafeCream Asset Sale Agreement, on September 7, 2007, we entered into a loan and security agreement ("Loan Agreement") with Mercator Momentum Fund III, L.P., a California limited partnership and one of our principal shareholders. The lender and its affiliates currently own all of the issued and outstanding shares of our Series A Convertible Preferred Stock.

Pursuant to the Loan Agreement, Mercator Momentum Fund III, L.P. agreed to make available to us a secured term credit facility in the aggregate principal amount of $1,000,000 (the "Loan"). In connection with the Loan Agreement, we issued a secured promissory note to Mercator Momentum Fund III, L.P. that bears interest at a rate of 12% per annum, payable monthly. During the fiscal year ended December 31, 2007, we borrowed a total of $350,000 under the Loan Agreement. We have agreed not to request any further advances under the Loan Agreement. As of March 27, 2008, the remaining outstanding principal balance of amounts we borrowed under the Loan Agreement was $200,000. The

Loan currently matures and becomes due and payable on June 21, 2008. The Loan is secured by a first priority lien on all of our assets.

Share Exchange Agreement

On September 7, 2007, we entered into a share and exchange agreement (the "Global LLC Agreement") pursuant to which we acquired all of the outstanding ownership interests in Global Clean Energy Holdings, LLC, a Delaware limited liability company ("Global LLC"). Richard Palmer and Mobius Risk Group, LLC ("Mobius") were the sole owners of the outstanding equity interests of Global LLC. In exchange for all of the outstanding ownership interests in Global LLC, we issued 63,945,257 shares of our common stock to Richard Palmer and Mobius. Richard Palmer is our Chief Executive Officer and a director. Mr. Eric Melvin, one of our directors, is a principal of Mobius, and Mr. Palmer owns a 13.33% interest in Mobius.

Mobius Consulting Agreement

Concurrent with the execution of the Global LLC Agreement, we also entered into a consulting agreement with Mobius (the "Mobius Agreement") pursuant to which Mobius has agreed to provide consulting services to us in connection with our new Jatropha Business. Richard Palmer, our President and Chief Operating Officer, owns 13.33% of the outstanding equity interests of Mobius. In addition, Eric J. Melvin, one of our directors is a principal and Chief Executive Officer of Mobius. We have agreed to pay Mobius a monthly retainer of $45,000 for the services provided under the consulting agreement. The consulting agreement has a the term of twelve months, or such shorter period until the scope of work under the agreement has been completed.

Judy Robinett Resignation Agreement

On August 31, 2007, we entered into a release and settlement agreement (effective as of September 7, 2007) with Judy Robinett, our current Chief Executive Officer, pursuant to which Ms. Robinett agreed to continue to act as our transitional Chief Executive Officer. Effective December 21, 2007, upon completion of certain tasks relating to our legacy bio-pharmaceutical operations, Ms. Robinett resigned as our Chief Executive Officer. For additional details about the resignation agreement, please see "Item 10 - Executive Compensation."

Release Agreement

On October 22, 2007, we executed and entered into a release and settlement agreement, dated as of October 19, 2007, with holders of our Series A Preferred Convertible Stock pursuant to which we issued to such shareholders warrants to purchase 17,000,000 shares of our common stock. Mercator Momentum Fund, LP, Monarch Pointe Fund, Ltd., and Mercator Momentum Fund III, LP, each a private investment entity (the foregoing three investment funds, collectively, the "MAG Funds") purchased shares of our Series A Preferred Convertible Stock (the "Series A Stock") in 2004 and in 2005. The Series A Stock is exercisable at a conversion price based on the market price of our Common Stock, which conversion price however, will not be less than $0.05 per share. In connection with the 2005 investment, we agreed to eliminate the $0.05 conversion price floor of the Series A Stock. However, in October 2007 we determined that we failed to file an amendment to the Certificate of Designations of Preferences and Rights for the Series A Stock, which would have eliminated the conversion price floor. Accordingly, the Series A Stock still is subject to the $0.05 per share conversion floor limitation, and the MAG Funds were recently required to convert Series A Stock at a conversion price higher than the price that would have applied if the amendment had been filed as agreed.

In order to release us from liability related to our failure to remove the $0.05 conversion price floor of the Series A Stock, we executed and entered into a Release and Settlement Agreement, dated as of October 19, 2007 (the "Release Agreement"), with the MAG Funds to settle all losses and damages that MAG may have suffered, and may hereafter suffer, as result of our failure to file the foregoing amendment. Pursuant to the Release Agreement, we issued to the MAG Funds a ten-year warrant to acquire up to 17,000,000 shares of our common stock at an exercise price of $0.01 per share expiring October 17, 2017. Pursuant to the Release Agreement, the MAG Funds agreed not to sue us in connection with, and released us from all past, present and future claims relating to, our failure to file the amendment.

ITEM 13. EXHIBITS.

The following documents are furnished as exhibits to this Form 10-KSB. Exhibits marked with an asterisk are filed herewith. The remainder of the exhibits previously have been filed with the Commission and are incorporated herein by reference.

Number	Exhibit
2.1	Sale and Purchase Agreement between Attorney Hinnerk-Joachim Müller as liquidator of Savetherapeutics AG i.L. and Medical Discoveries, Inc. regarding the purchase of the essential assets of Savetherapeutics AG i.L. (filed as Exhibit 2.1 to the Company’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004, and incorporated herein by reference).
2.2	Asset Sale Agreement dated July 6, 2007 among Medical Discoveries, Inc., MDI Oncology, Inc. and Eucodis Pharmaceuticals Forschungs - und Entwicklungs GmbH (filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
2.3	Amendment to Asset Sale Agreement dated September 30, 2007 among Medical Discoveries, Inc., MDI Oncology, Inc. and Eucodis Pharmaceuticals Forschungs - und Entwicklungs GmbH (filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed October 4, 2007, and incorporated herein by reference)
2.4	Second Amendment to Asset Sale Agreement dated October 30, 2007 among Medical Discoveries, Inc., MDI Oncology, Inc. and Eucodis Pharmaceuticals Forschungs - und Entwicklungs GmbH (filed as Exhibit 2.1 to the Company’s Current Report on Form 8-K filed November 2, 2007, and incorporated herein by reference)
2.5	Share Exchange Agreement dated September 7, 2007 among Medical Discoveries, Inc., Richard Palmer, and Mobius Risk Group, LLC (filed as Exhibit 2.2 to the Company’s Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
3.1	Amended and Restated Articles of Incorporation of the Company (filed as Exhibit 3.1 to the Company’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, and incorporated herein by reference).
3.2	Amended Bylaws of the Company (filed as Exhibit 3.2 to the Company’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 1994, and incorporated herein by reference).
4.1	Registration Rights Agreement dated October 18, 2004 among Monarch Pointe Fund, Ltd., Mercator Advisory Group, LLC and Medical Discoveries, Inc. (filed as Exhibit 4.1 to the Company’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004, and incorporated herein by reference).
4.2	Registration Rights Agreement dated December 3, 2004 among Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP, Mercator Advisory Group, LLC and Medical Discoveries, Inc. (filed as Exhibit 4.2 to the Company’s Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004, and incorporated herein by reference).
4.3	Certificate of Designations of Preferences and Rights of Series A Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit

	4.1 to Registration Statement No. 333-121635 filed on Form SB-2 on December 23, 2004, and incorporated herein by reference).
4.4	Amendment to Certificate of Designations of Preferences and Rights of Series A Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit 4.2 to Registration Statement No. 333-121635 filed on Form SB-2 on December 23, 2004, and incorporated herein by reference).
4.5	Certificate Of Designation of Preferences and Rights Series B Convertible Preferred Stock of Medical Discoveries, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 13, 2007, and incorporated herein by reference)

Number	Exhibit
10.1	2002 Stock Incentive Plan adopted by the Board of Directors as of July 11, 2002 (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 2002, and incorporated herein by reference).
10.2	Subscription Agreement dated October 18, 2004 among Monarch Pointe Fund, Ltd., Mercator Advisory Group, LLC, and Medical Discoveries, Inc. (filed as Exhibit 10.2 to Amendment No. 2 to Registration Statement No. 333-121635 filed on form SB-2 on June 2, 2005, and incorporated herein by reference).
10.3	Subscription Agreement dated December 3, 2004 among Mercator Momentum Fund, LP, Mercator Momentum Fund III, LP, Mercator Advisory Group, LLC, and Medical Discoveries, Inc. (filed as Exhibit 10.3 to Amendment No. 2 to Registration Statement No. 333-121635 filed on form SB-2 on June 2, 2005, and incorporated herein by reference).
10.4	Employment Agreement dated March 1, 2005 between Medical Discoveries, Inc. and Judy M. Robinett. (filed as Exhibit 10.4 to Amendment No. 3 to Registration Statement No. 333-121635 filed on Form SB-2 on October 13, 2005, and incorporated herein by reference).
10.5	Definitive Master Agreement dated as of July 29, 2006, by and between MDI Oncology, Inc. and Eucodis Forschungs und Entwicklungs GmbH (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 3, 2006, and incorporated herein by reference).
10.6	Loan and Security Agreement, dated September 7, 2007, between Medical Discoveries, Inc. and Mercator Momentum Fund III, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
10.7	Consulting Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Mobius Risk Group, LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
10.8	Employment Agreement dated September 7, 2007 between Medical Discoveries, Inc. and Richard Palmer (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
10.9	Release and Settlement Agreement dated August 31, 2007 between Medical Discoveries, Inc. and Judy Robinett (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed September 17, 2007, and incorporated herein by reference)
10.10	Release and Settlement Agreement, dated as of October 19, 2007, by and among the Company, on the one hand, and Mercator Momentum Fund, LP, Monarch Pointe Fund, Ltd., and Mercator Momentum Fund III, LP, on the other hand. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference)
10.11	Form of Warrant (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 26, 2007, and incorporated herein by reference)
10.12	Securities Purchase Agreement, dated as of November 6, 2007, by and among Medical Discoveries, Inc. and the Purchasers (as defined therein) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 13, 2007, and incorporated herein by reference)

14.1	Medical Discoveries, Inc. Code of Conduct*
23	Consent of Hansen, Barnett & Maxwell. P.C.*
31	Rule 13a-14(a) Certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Audit Fees

The aggregate fees we paid Hansen, Barnett & Maxwell. P.C. during the fiscal year ended December 31, 2007 and 2006 for professional services for the audit of our financial statements and the review of financial statements included in our Forms 10-QSB and SEC filings were $43,038 and $54,199, respectively.

Audit-Related Fees

Hansen, Barnett & Maxwell. P.C. did not provide and did not bill and it was not paid any fees for, audit-related services in the fiscal years ended December 31, 2007 and 2006.

Tax Fees

Hansen, Barnett & Maxwell. P.C. did not provide, and did not bill and was not paid any fees for, tax compliance, tax advice, and tax planning services for the fiscal years ended December 31, 2007 and December 31, 2006.

All Other Fees

Hansen, Barnett & Maxwell. P.C. did not provide, and did not bill and were not paid any fees for, any other services in the fiscal years ended December 31, 2007 and 2006.

Audit Committee Pre-Approval Policies and Procedures

Consistent with SEC policies, the Audit Committee charter provides that the Audit Committee shall pre-approve all audit engagement fees and terms and pre-approve any other significant compensation to be paid to the independent registered public accounting firm. No other significant compensation services were performed for us by Hansen, Barnett & Maxwell. P.C. during 2007 and 2006.

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: March 27, 2008 By: /s/ RICHARD PALMER

Richard Palmer
Chief Executive Officer and President

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

Signature	Title	Date
/s/ RICHARD PALMER Richard Palmer	Chief Executive Officer, President and Director	March 27, 2008
/s/ DAVID R. WALKER David R. Walker	Treasurer, Chairman, the Board of Directors	March 27, 2008
/s/ ERIC MELVIN Eric Melvin	Director and Secretary	March 27, 2008
/s/ MARTIN SCHROEDER Martin Schroeder	Director	March 27, 2008