

Clean Coal Technologies Inc.
Form 10-Q
November 12, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2013

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

For the transition period from _____ to _____.

Commission file number: 000-50053

CLEAN COAL TECHNOLOGIES, INC.
(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

26-1079442
(I.R.S. Employer Identification No.)

295 Madison Avenue (12th Floor), New York, NY
(Address of principal executive offices)

10017
(Zip Code)

(646) 710-3549
(Issuer's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

The number of shares outstanding of Registrant’s Common Stock as of November 11, 2013: 905,610,388

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission and, therefore, do not include all information and footnotes necessary for a complete presentation of our financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature.

Clean Coal Technologies, Inc.
Balance Sheets
(Unaudited)

	September 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	\$45,535	\$2,575,087
Prepaid expenses	-	62,079
Other current assets	450	450
Total Current Assets	45,985	2,637,616
Property, plant and equipment, net of accumulated depreciation of \$1,019 and \$891, respectively		
	-	128
Construction in progress	2,349,500	-
Deferred loan commitment fees	157,500	-
Total Assets	\$2,552,985	\$2,637,744
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	\$434,061	\$183,058
Accounts payable to related parties	715,477	579,950
Accrued liabilities	853,249	729,006
Short-term debt	-	90,000
Convertible debt, net of unamortized discounts	246,591	-
Debt owed to related parties, net of unamortized discounts	375,367	-
Total Current Liabilities	2,624,745	1,582,014
Stockholders' (Deficit) Equity:		
Common stock, \$0.00001 par value; 975,000,000 shares authorized, 903,896,102 and 851,067,644 shares issued and outstanding, respectively	9,040	8,512
Additional paid-in capital	212,527,282	209,966,240
Accumulated deficit	(212,608,082)	(208,919,022)
Total Stockholders' (Deficit) Equity	(71,760)	1,055,730
Total Liabilities and Stockholders' (Deficit) Equity	\$2,552,985	\$2,637,744

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

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Clean Coal Technologies, Inc.
Statements of Operations
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
License Fee Revenue	\$-	\$375,000	\$-	\$375,000
Gross Profit	-	375,000	-	375,000
Operating Expenses:				
General and administrative	\$353,637	\$273,599	\$1,069,287	\$1,378,036
Consulting services	394,875	2,129,625	2,477,244	5,147,028
Loss from Operations	(748,512)	(2,028,224)	(3,546,531)	(6,150,064)
Other Income (Expenses):				
Interest expense	(34,750)	(341,573)	(132,951)	(2,571,781)
(Loss) gain on extinguishment of debt	(9,578)	-	(9,578)	130,639
Gain on change in fair value of derivative liabilities	-	-	-	218,487
Total Other Income (Expenses)	(44,328)	(341,573)	(142,529)	(2,222,655)
Net Loss	\$(792,840)	\$(2,369,797)	\$(3,689,060)	\$(8,372,719)
Net loss per share - basic and diluted	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)
Weighted average shares outstanding - basic and diluted	891,527,535	715,667,634	872,831,092	639,310,575

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

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Clean Coal Technologies, Inc.
Statement of Stockholders' Equity (Deficit)
Nine Months Ended September 30, 2013
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
Balances at December 31, 2012	851,067,644	\$8,512	\$209,966,240	\$(208,919,022)	\$1,055,730
Common stock issued for services	14,160,000	142	737,813	-	737,955
Common stock sold for cash	28,433,333	284	842,216	-	842,500
Common stock issued with debt	10,235,125	102	182,090	-	182,192
Options expense	-	-	798,923	-	798,923
Net loss	-	-	-	(3,689,060)	(3,689,060)
Balances at September 30, 2013	903,896,102	\$9,040	\$212,527,282	\$(212,608,082)	\$(71,760)

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

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Clean Coal Technologies, Inc.
Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(3,689,060)	\$(8,372,719)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation expense	128	152
Amortization of debt discounts	98,887	2,324,720
Amortization of deferred financing costs	-	120,000
Shares issued for services	737,955	2,748,471
Option Expense	798,923	744,767
Derivative liabilities recorded as compensation expense	-	566,275
Loss (gain) on extinguishment of debt	9,578	(130,639)
Gain on change in fair value of derivative liabilities	-	(218,487)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	62,079	(14,610)
Accounts payable	239,003	144,476
Accounts payable - related party	135,527	266,942
Accrued expenses	130,023	46,091
Net Cash Used in Operating Activities	(1,476,957)	(1,774,561)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for construction in progress	(2,349,500)	-
Net Cash Used in Investing Activities	(2,349,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	842,500	-
Cash paid for loan commitment fees	(157,500)	-
Borrowings on debt	-	808,000
Borrowings on convertible debt	150,000	2,252,641
Borrowings on related party debt	476,405	-
Payments on debt	-	(700,303)
Payments on convertible debt	-	(25,000)
Payments on related party debt	(14,500)	(522,732)
Net Cash Provided by Financing Activities	1,296,905	1,812,606
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,529,552)	38,045
CASH AND CASH EQUIVALENTS - beginning of period	2,575,087	8,342
CASH AND CASH EQUIVALENTS - end of period	\$45,535	\$46,387
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$-	\$36,808
Cash paid for income taxes	-	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:		

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Derivative liabilities recorded in additional paid-in capital	\$-	\$156,032
Derivative liabilities recorded as debt discounts	-	187,880
Common stock issued with debt	182,192	81,921
Deferred financing costs accrued	12,000	120,000
Accrued interest converted to debt	5,780	104,758
Payables converted to debt	-	90,000
Related party payables and advances converted to debt	-	15,000
Common stock issued for debt, liabilities and accrued interest	-	2,722,428
Common stock issued for related party debt, liabilities and accrued interest	-	410,400
Common stock issued in resolution of derivative liabilities	-	691,700
Debt discounts due to beneficial conversion features	-	2,000,000

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

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Clean Coal Technologies, Inc.
Notes to Financial Statements
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Clean Coal Technologies, Inc. ("Clean Coal") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in Clean Coal's Annual Report on Form 10-K filed with the SEC. In the opinion of management, the accompanying unaudited interim financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position and the results of operations for the interim period presented herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year or for any future period. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for fiscal 2012 as reported in the Form 10K have been omitted.

NOTE 2: GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis of accounting which contemplates continuity of operations, realization of assets, liabilities, and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Clean Coal is unable to continue as a going concern. Clean Coal has an accumulated deficit and a working capital deficit as of September 30, 2013 with no significant revenues anticipated for the near term. Management believes Clean Coal will need to raise capital in order to operate over the next 12 months. As shown in the accompanying financial statements, Clean Coal has also incurred significant losses since inception. Clean Coal's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis and ultimately to attain profitability. Clean Coal has limited capital with which to pursue its business plan. There can be no assurance that Clean Coal's future operations will be significant and profitable, or that Clean Coal will have sufficient resources to meet its objectives. These conditions raise substantial doubt as to Clean Coal's ability to continue as a going concern. Management may pursue either debt or equity financing or a combination of both, in order to raise sufficient capital to meet Clean Coal's financial requirements over the next twelve months and to fund its business plan. There is no assurance that management will be successful in raising additional funds.

NOTE 3: CONSTRUCTION IN PROGRESS

Construction in progress of \$2,349,500 as of September 30, 2013 consists of the first payment made during February 2013 of \$2,000,000 and additional costs incurred through September 30, 2013 related to the construction of a 2-ton/hour pilot plant in Oklahoma. The total cost of the project, including testing to take place at a designated site in Oklahoma, is estimated at \$4,500,000. Commissioning of the pilot plant is expected during the fourth quarter of 2013.

NOTE 4: RELATED PARTY TRANSACTIONS

At September 30, 2013 and December 31, 2012, unpaid services provided by related parties totaled \$715,477 and \$579,950, respectively. The payables are unsecured, bear no interest and are due on demand.

During 2013, the company borrowed an aggregate of \$476,405 from Officers and Directors and repaid an aggregate of \$14,500. The notes are unsecured, bear no interest and are due between on demand and March 1, 2014. In connection with \$319,405 of the borrowings, the Company issued an aggregate of 10,235,125 common shares. The relative fair

value of the shares of \$182,192 was recorded as debt discounts that are being amortized to interest expense over the life of the notes. During the nine months ended September 30, 2013, aggregate amortization expense of \$95,654 was recorded against these discounts. As of September 30, 2013, the aggregate unpaid principal under these notes was \$375,367, net of the unamortized discounts of \$86,538.

NOTE 5: DEBT

As of December 31, 2012, the Company had one outstanding note payable with a principal balance of \$90,000. The note was unsecured, bore interest at 8% per annum and originally matured on December 1, 2013. On July 30, 2013, this note was modified whereby the interest rate was removed, accrued interest of \$5,780 was converted to principal, a one-time fee of 10% (\$9,578) was added to the principal, the maturity date was changed to March 1, 2014 and a conversion option was added. Under the terms of the conversion option, the note becomes convertible into common stock on October 8, 2013 at the lower of \$0.05 or 75% of the lowest trading price during the 20 days preceding the date of conversion. The Company evaluated this modification under ASC 470-50 and determined that the modification qualified as an extinguishment of debt due to a substantive conversion option being added. A loss on extinguishment of debt of \$9,578 was recognized during the nine months ended September 30, 2013. As of September 30, 2013, the outstanding unpaid principal balance under this note was \$105,358. Beginning on October 8, 2013, this note will be accounted for as a derivative liability under ASC 815.

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On August 21, 2013, the Company borrowed \$150,000 under a convertible note. The note is unsecured, matures on August 21, 2014 and becomes convertible into common stock on February 17, 2014 at the lower of \$0.05 or 60% of the lowest trading price during the 25 days preceding the date of conversion. If the note is repaid within 3 months from the date of issuance, it bears no interest. If the note is repaid after 3 months from the date of issuance, a one-time interest fee \$18,000 will be added to the principal. In connection with the note, the Company accrued fees payable to the lender of \$12,000 and incurred an initial issue face discount of \$17,500. These amounts aggregating \$29,500 were recorded as a discount to the note and are being amortized to interest expense over the life of the notes. During the nine months ended September 30, 2013, aggregate amortization expense of \$3,233 was recorded against these discounts. As of September 30, 2013, the outstanding unpaid principal balance under this note was \$141,233, net of the unamortized discounts of \$26,267. Beginning on February 17, 2014, this note will be accounted for as a derivative liability under ASC 815.

During the nine months ended September 30, 2013, the Company paid loan commitment fees of \$157,500 in connection with the negotiation of a loan that had not yet closed as of September 30, 2013. If the loan closes, the fees will be amortized to interest expense over the life of the note, if the loan does not close, the fees will be reimbursed.

NOTE 6: COMMITMENTS

On March 22, 2013, Clean Coal entered into a consulting agreement with a term of six months and a monthly cash fee of \$8,000. In connection with the agreement, Clean Coal issued the consultant 500,000 common shares which vested on the effective date of the agreement. In addition, Clean Coal granted the consultant an aggregate of 1,000,000 common stock options which have a term of 3 years and the following exercise prices and vesting terms: 400,000 options are exercisable at \$0.15 per share and vest on March 22, 2013, 300,000 options are exercisable at \$0.25 per share and vest on July 1, 2013 and 300,000 options are exercisable at \$0.35 per share and vest on July 1, 2013 (see Note 7).

On August 1, 2013, Clean Coal entered into a 6 month lease for its office space in New York City, at a rate of \$3,020 per month.

NOTE 7: EQUITY TRANSACTIONS

Common Stock

During the nine months ended September 30, 2013, the Company issued an aggregate of 14,160,000 common shares for services valued at \$737,955, 10,235,125 common shares with related party debt with a relative fair value of \$182,192 and 28,433,333 common shares for cash proceeds of \$842,500.

Options

In August 2013, the Company terminated the 2012 Stock Option Plan, returning the balance of 16,000,000 reserved shares underlying ungranted options to authorized capital.

Total stock option expense was \$798,923 for the nine months ended September 30, 2013. As of September 30, 2013, there was an aggregate of \$342,942 that will be expensed over the remaining vesting period of the outstanding options through July 1, 2014.

On March 22, 2013, Clean Coal granted a consultant an aggregate of 1,000,000 common stock options which have a term of 3 years and the following exercise prices and vesting terms: 400,000 options are exercisable at \$0.15 per share and vest on March 22, 2013, 300,000 options are exercisable at \$0.25 per share and vest on July 1, 2013 and 300,000

options are exercisable at \$0.35 per share and vest on July 1, 2013. The fair value of these options was determined to be \$31,307 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.39%, (2) expected term of 3 years (3) expected volatility of 126.53% and (4) zero expected dividends. The full \$31,307 was expensed during the nine months ended September 30, 2013.

On May 9, 2013, the Company awarded two engineering consultants 1,000,000 common stock options each which have a term of 5 years, are exercisable at \$0.05 per share and vest on December 31, 2013. The aggregate fair value of these options was determined to be \$68,433 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.75%, (2) expected term of 3.15 years (3) expected volatility of 125.16% and (4) zero expected dividends. \$41,756 was expensed during the nine months ended September 30, 2013 and \$26,677 will be expensed over the remaining vesting periods.

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A summary of stock option activity for the nine months ended September 30, 2013 is as follows:

	Options	Weighted Average Exercise Price
Outstanding - December 31, 2012	46,000,000	\$ 0.22
Granted	3,000,000	0.11
Forfeited/canceled	-	-
Exercised	-	-
Outstanding – September 30, 2013	49,000,000	\$ 0.22
Exercisable – September 30, 2013	29,000,000	\$ 0.14

The weighted average remaining life of the outstanding options as of September 30, 2013 was 5.58 years, the weighted average grant date fair value of the options granted during the nine months ended September 30, 2013 was \$0.033 and the intrinsic value of the exercisable options as of September 30, 2013 was \$88,000.

NOTE 8: SUBSEQUENT EVENTS

In October 2013, the Company issued 714,286 common shares for the conversion of \$20,000 in debt.

In October 2013, the Company signed an exclusive agency agreement with CW Kang as the Company's agent in South Korea. The agreement calls for the issuance of 1,000,000 common shares upon signing, a monthly retainer that will be paid when funds are available, or paid in stock, and potential additional shares based on success in the origination of new business with clients introduced by Mr. Kang.

In October 2013, Robin Eves and Ignacio Ponce de Leon voluntarily returned for cancellation unvested options for the purchase of a total of 16,000,000 of the Company's common shares that were granted pursuant to employment agreements. The 16,000,000 shares underlying the cancelled options were returned to the pool of available, unreserved and authorized capital.

On November 6, 2013, the Company borrowed \$50,000 under a convertible note. The note is unsecured, matures in six months, bears interest of 10%, and becomes convertible into common stock sixty days from issuance at the lower of \$0.03 or 60% of the lowest trading price during the 25 days preceding the date of conversion.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS AND FACTORS THAT MAY AFFECT FUTURE RESULTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they do not materialize or prove correct, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements concerning: our plans, strategies and objectives for future operations; new products or developments; future economic conditions, performance or outlook; the outcome of contingencies; expected cash flows or capital expenditures; our beliefs or expectations; activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future; and assumptions underlying any of the foregoing. Forward-looking statements may be identified by their use of forward-looking terminology, such as “believes,” “expects,” “may,” “should,” “would,” “will,” “intends,” “plans,” “estimates,” “anticipates,” “projects” and similar words or expressions. You should not place undue reliance on these forward-looking statements, which reflect our management’s opinions only as of the date of the filing of this Quarterly Report on Form 10-Q and are not guarantees of future performance or actual results

Overview

Clean Coal Technologies, Inc. (“We,” “Company” or “Clean Coal”) owns a patented technology that we believe will provide cleaner and/or more efficient energy at low cost through the use of the world’s most abundant fossil fuel, coal. Our technology is designed to utilize controlled heat to extract and capture pollutants and moisture from low-rank coal, transforming it into a cleaner-burning, more energy-efficient fuel prior to combustion. Our proprietary coal cleaning process is designed to ensure that the carbon in coal maintains its structural integrity during the heating process while the volatile matter (polluting material) within the coal turns into a gaseous state and is removed from the coal. We have trade-marked the name “PRISTINE™” as a means of differentiating our processed product from the negative connotations generally associated with coal, and its traditional use. PRISTINE™ is applicable for a variety of applications, including coal-fired power stations, chemical byproduct extraction, and as a source fuel for coal-to-gas and coal-to-liquid technologies.

In September 2011, we filed a provisional application for a patent on a new technology known as Pristine M. The new technology is a moisture substitution technology that, owing to the superior quality of the product and attractive economics, is expected to be highly successful in the moisture removal business globally.

In June 2013, we filed a provisional patent application for a new process to be called Pristine-SA. The new process is designed to produce a coal product that is devoid of all volatiles and comes together with a solution for ensuring efficient and clean combustion on a level with natural gas. Now that the application on the basic concept has been filed, we expect to continue further research and development to address Pristine-SA’s potential application in various fuel and non-fuel product areas.

Current or Pending Projects. We have dedicated maximum effort to develop a global commercial platform around a series of strategic partnerships. We have signed a 25-year Technology License Agreement (“TLA”) with Jindal Steel and Power, Ltd. (“Jindal”). Under the TLA, the Company will receive an on-going royalty fee of one dollar (\$1.00) per metric ton on all coal processed from Jindal majority-owned mines in the ASEAN region, up to four million tons or four million dollars (\$4,000,000) per annum with a waiver of additional royalty fees on further processed coal up to a total of eight million tons per year. If coal processing increases above eight million tons per year, the royalty will be reinstated and the parties have agreed to review the rate.

Jindal will also pay the Company a one-time license fee of seven-hundred and fifty thousand dollars (\$750,000). The first installment of the license fee, three-hundred and seventy-five thousand dollars (\$375,000), has been paid pursuant to the signing of the pilot plant construction contract. The balance of three-hundred and seventy-five thousand dollars (\$375,000) will be due upon the successful testing of the pilot plant which is expected to be completed during the third quarter of fiscal 2013.

For our ASEAN region joint venture initiative, we entered into a joint venture with the Archean Group (“AGPL”) to develop, deploy and market our Pristine M technology throughout the ASEAN region (including Indonesia, the Philippines, Cambodia, Vietnam, Malaysia, Brunei, Thailand, Laos and Myanmar). On December 18, 2012, we sent a notice of termination, effective immediately, to AGPL. On April 20, 2013, we signed a settlement agreement with AGPL (“Settlement Agreement”). The Settlement Agreement includes provisions for mutual release of all claims related to the agreements, dissolution of the Joint Venture Agreement in Respect of Good Coal, Pte. Ltd (“Good Coal”), effective June 5, 2012, between the Company and AGPL (the “JV Agreement”) and the Technology License Agreement, effective May 31, 2012, between the Company and Good Coal (the “TLA”).

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On February 5, 2013, we signed a construction and testing contract (“EPC Agreement”) with SAIC Constructors, LLC (“SAIC”). We also remitted the first payment of \$2 million to SAIC for the construction of the 2-ton/hour, pilot plant in Oklahoma, as per the terms of the new contract. Total cost of the project, including testing to take place at a designated site in Oklahoma, is estimated at \$3.6 million. As sole counterparty to the EPC contract, we will own the completed pilot plant outright. We entered into the EPC Agreement to ensure that there was little or no disruption in the pilot plant construction schedule. At this filing date, we anticipate commissioning of the pilot plant will be completed during the fourth quarter of 2013.

As of this filing date, all design and engineering work has been completed on the Pilot Plant, all parts have been ordered and fabrication is underway. We have executed a Site Agreement with AES Shady Point who has agreed to host our pilot plant and the test program. The site is being prepared. To date, the concrete slab to support the plant has been installed at a cost of \$25,000 and coal grading (screening) equipment has been delivered. Simultaneously with the fabrication of the Pilot Plant, we have paid Carrier Vibrating Equipment Inc. \$17,800 to design and engineer a batch processing plant that, along with the pilot plant, will form the core of the Company’s test and R&D infrastructure.

Other projects

Pending resolution of legalities surrounding the change in ownership of the interests of the Chinese partner in the Inner Mongolia joint venture company, we are seeking to transition the Company’s involvement from full joint venture partner to merely a licensor. Although the proposed project has all permits fully approved, there has been no recent activity to move the project forward.

In our continued effort to expand global awareness for our technology and to build a potential pipeline of business for when the pilot plant is successfully commissioned, we have signed an NDA with a company in Australia that has significant coal assets in Southern Australia. We have also signed NDA’s with two major Russian coal companies, one with a company in Serbia and another with a major Indian conglomerate. In each case we are in the early stages of exchanging information and determining how best our technology might be deployed. In addition, through an agreement just executed with C.W. Kang, we seek to identify opportunities and pursue agreements with South Korean companies to participate in the deployment of our Pristine technologies, most immediately in Asia.

Factors Affecting Results of Operations

Our operating expenses include the following:

- Consulting expenses, which consist primarily of amounts paid for technology development and design and engineering services;
- General and administrative expenses, which consist primarily of salaries, commissions and related benefits paid to our employees, as well as office and travel expenses;
- Research and development expenses, which consist primarily of equipment and materials used in the development and testing of our technology; and
- Legal and professional expenses, which consist primarily of amounts paid for patent protections, audit, disclosure, and reporting services.

Results of Operations

The following information should be read in conjunction with the financial statements and notes appearing elsewhere in this Report. We have generated limited revenues from inception to date. We anticipate that we may not receive any significant revenues from operations until we begin to receive royalty revenues which we estimate will be approximately 12 to 14 months after the successful testing of the plant, currently anticipated in the fourth quarter of

fiscal 2013, and an EPC contract has been signed to build a commercial scale facility. We are also in preliminary discussions with companies, business groups, consortiums in the USA and Asia to license our technology, which, if successful, could realize limited short-term revenue opportunities from the signing of technology licensing agreements.

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For the Three and Nine Months Ended September 30, 2013 and September 30, 2012

Revenues

We have generated no revenues for the nine months ended September 30, 2013. In the third quarter of fiscal 2012, we received an initial license fee of \$375,000 from Jindal paid pursuant to the signing of our pilot plant construction contract. The balance of \$375,000 will be due upon the successful testing of the pilot plant, anticipated in the third quarter of fiscal 2013. We do not anticipate additional license revenues until the pilot plant has been successfully tested, and do not expect to receive any royalty fees for approximately 12 to 14 months after an EPC contract has been signed to build a commercial scale facility.

Operating Expenses

Our operating expenses for the three and nine months ended September 30, 2013 totaled \$748,512 and \$3,546,531, respectively compared to \$2,028,224 and \$6,150,064 respectively for the same periods in the prior year. The primary component of the operating expenses in both periods was for shares issued for services, officers' salaries and consulting fees. The decrease in operating expenses for the 2013 fiscal period is due mainly to less stock-based compensation in 2013.

We recorded stock-based compensation of \$1,641,423 for the nine months ended September 30, 2013, compared to \$3,493,238 for the same period in the prior year.

During three and nine months ended September 30, 2013, operating expenses consisted of \$353,637 and \$1,069,287, respectively in general and administrative expenses and \$394,875 and \$2,477,244, respectively of consulting services. In the same periods in 2012, operating expenses consisted of \$273,599 and \$1,378,036, respectively in general and administrative expenses and \$2,129,625 and \$5,147,028, respectively of consulting services.

In March 2013, we entered into a consulting agreement with ProActive Resources Advisory Group, LLC, a strategic advisory, investor relations and public relations firm. The agreement is for a term of six months and a monthly cash fee of \$8,000. In connection with the agreement, we issued ProActive 500,000 restricted shares of our common stock and granted an aggregate of 1,000,000 common stock options which have a term of 3 years and the following exercise prices and vesting terms: 400,000 options are exercisable at \$0.15 per share and vested on March 22, 2013, 300,000 options are exercisable at \$0.25 per share and vested on July 1, 2013 and 300,000 options are exercisable at \$0.35 per share and vested on July 1, 2013.

In April 2013, we entered into an agreement with a consultant for media and investor relations services. The term of the agreement is for 6 months. The Company paid the consultant \$125,000 in cash and issued to the consultant 7,500,000 shares of our common stock.

In May 2013, we awarded two engineering consultants one million shares each of the Company's common stock for extraordinary work on the pilot plant design. The consultants also each received options for the purchase of one million shares at an exercise price of \$.05 per share, vesting December 31, 2013 and exercisable until December 31, 2018.

Employees

As of September 30, 2013, we had two full-time executives, and one full-time administrative employee. President and CEO Robin Eves, and Chief Operations Officer, Ignacio Ponce de Leon have written employment agreements. Our administrative employee is at-will. Messrs. Eves and Ponce de Leon received no compensation for their participation

on the Board of Directors. We have an oral consulting agreement with C.J. Douglas, a shareholder who provides services that support our administrative and accounting functions on a month-to-month basis, at \$20,000 per month.

Net Income/Loss

For the three and nine months ended September 30, 2013, we experienced net losses of \$792,840 and \$3,689,060, respectively, and \$2,369,797 and \$8,372,719, respectively, for the same periods for the prior year. For the three and nine months ended September 30, 2013, we incurred losses from operations of \$748,512 and \$3,546,531, respectively, and \$2,028,224 and \$6,150,064, respectively, for the three and nine months ended September 30, 2012. We incurred interest expense of \$34,750 and \$132,951 for the three and nine months ended September 30, 2013, and \$341,573 and \$2,571,781 for the three and nine months ended September 30, 2012.

We anticipate losses from operations will increase during the next twelve months due to costs associated with the pilot plant completion and testing, as well as anticipated increased payroll expenses as we add necessary staff and increases in legal and accounting expenses associated with maintaining a reporting company. We expect that we will continue to have net losses from operations for several years until revenues from operating facilities become sufficient to offset operating expenses, unless we are successful in the sale of licenses for our technology once the pilot plant testing is complete.

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Liquidity and Capital Resources

We have generated minimal revenues since inception. We have obtained cash for operating expenses through advances and/or loans from affiliates and stockholders, the sale of common stock, the issuance of loans and convertible debentures subsequently converted to common stock and the receipt of \$375,000 in license fees from Jindal as described above.

Net Cash Used in Operating Activities. Our primary source of operating cash during the nine months ended September 30, 2013, was proceeds from the sale of common stock and borrowings on related party debt and third party convertible debt. Our primary uses of funds in operations were the payment of professional and consulting fees and general operating expenses.

Net cash used in operating activities, was \$1,476,957 for the nine months ended September 30, 2013 compared to net cash used of \$1,774,561 for the same period in 2012. Non-cash items in 2013 included shares issued for services valued at \$737,955, options expense of \$798,923, amortization of debt discounts of \$98,887, depreciation expense of \$128 and a loss on the extinguishment of debt of \$9,578. Non-cash items in 2012 included shares issued for services valued at \$2,748,471, derivative liabilities recorded as compensation expense of \$566,275, amortization of loan discounts of \$2,324,720, amortization of deferred financing costs of \$120,000, gain on derivative liabilities of \$218,487, gain on extinguishment of \$130,639, options expense of \$744,767 and depreciation expense of \$152. During the nine months ended September 30, 2013, we experienced a decrease in prepaid expenses of \$62,079, an increase in accounts payable of \$239,003, an increase in related party payables of \$135,527 and an increase in accrued liabilities of \$130,023.

Net Cash Used In Investing Activities. Net cash used in investing activities for the nine months ended September 30, 2013 consisted of \$2,349,500 paid for the construction of the pilot plant. We did not engage in investing activities for the nine months ended September 30, 2012.

Net Cash Provided by Financing Activities. Net cash provided by financing activities during the nine months ended September 30, 2013 totaled \$1,296,905 consisting of \$842,500 in cash received for the sale of common stock, \$150,000 in borrowings on convertible debt and \$476,405 from borrowings on related party debt, offset by \$157,500 paid in loan commitment fees and \$14,500 in payments on related party debt. Net cash provided by financing activities during the nine months ended September 30, 2012 totaled \$1,812,606 consisting of borrowings on debt and convertible debt of \$3,060,641, offset by payments on debt and convertible debt of \$725,303 and payments on related party debt of \$522,732.

Cash Position and Outstanding Indebtedness

Our total indebtedness at September 30, 2013 was \$2,624,745, which consists entirely of current liabilities. Current liabilities consist primarily of accounts payable, accounts payable to related parties, short-term debt and accrued liabilities. At September 30, 2013, we had current assets of \$45,535 in cash and \$450 in other current assets. Our working capital deficit at September 30, 2013 was \$2,578,760. We had property, plant and equipment (net of accumulated depreciation) of \$0 and construction in progress of \$2,349,500 and deferred loan commitment fees of \$157,500 at September 30, 2013.

Contractual Obligations and Commitments

The following table summarizes our contractual cash obligations and other commercial commitments at September 30, 2013.

Payments due by period

	Total	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Facility lease (1)	\$ 12,360	\$ 12,360	\$ -	\$ -	\$ -
Total contractual cash obligations	\$ 12,360	\$ 12,360	\$ -	\$ -	\$ -

(1) Our New York lease is for six months through January 2014, at a monthly rate of \$3,090 per month.

SAIC Energy Environment & Infrastructure (SEE&I), our engineering consultant has tentatively estimated construction costs for each one million short ton coal complete cleaning facility of approximately \$120 million (excluding land costs) or costs for a similar size Pristine-M-only facility of approximately \$45-50 million (excluding land costs). Under the terms of our consulting agreement with SEE&I, we are obligated to pay to SEE&I a fee representing five percent of all gross revenues received by us from the sale of our technology, the operation of franchised plants utilizing the technology, or revenue received on any other basis that is related to the technology. This fee will remain in effect for a period of 15 years, commencing from the date that we receive our initial revenue stream from operations. All intellectual property rights associated with new art developed by SEE&I remain our property, however SEE&I would have a "right to use" the intellectual property provided it is deployed in non-competitive projects.

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Construction of the pilot plant in Oklahoma is underway with completion and testing anticipated to be completed in the fourth quarter of fiscal 2013. We have paid \$2,349,500 towards the plant and estimate completion will require an additional \$2,200,000.

Based on our current operational costs and including the capital requirements for our project deployments, we estimate we will need a total of approximately \$4,500,000 to fund the Company for the balance of fiscal year 2013 and an additional \$5,000,000 to continue for the following fiscal year (2014) or until an initial commercial plant is up and running. At this filing date, we have a commitment from Ventrillion for \$10,600,000 in additional funding contingent on implementation of a reverse split of our common stock as approved by our shareholders in May 2013, and completion and successful testing of the pilot plant. Assuming we succeed in testing, we believe we will have sufficient funding to meet both the additional costs of the pilot plant construction and funding for our operations through fiscal 2014, although we need some interim funding until the pilot plant is operational. We are also actively pursuing technology license and royalty agreements in order to begin construction of other facilities without incurring the capital costs associated with the construction of future plants.

Off-Balance Sheet Arrangements

We have not and do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of establishing off-balance sheet arrangements or other contractually narrow or limited purposes. Therefore, we do not believe we are exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to changes in prevailing market interest rates affecting the return on our investments but do not consider this interest rate market risk exposure to be material to our financial condition or results of operations. We invest primarily in United States Treasury instruments with short-term (less than one year) maturities. The carrying amount of these investments approximates fair value due to the short-term maturities. Under our current policies, we do not use derivative financial instruments, derivative commodity instruments or other financial instruments to manage our exposure to changes in interest rates or commodity prices.

ITEM 4. CONTROLS AND PROCEDURES

As of September 30, 2013, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (the same person), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, management concluded that our financial disclosure controls and procedures were not effective due to our limited internal resources and lack of ability to have multiple levels of transaction review. We presently have only one officer and one employee. Inasmuch as there is no segregation of duties within the Company, there is no management oversight, no control documentation being produced, and no one to review control documentation if it was being produced.

There were no changes in disclosure controls and procedures that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially effect, our disclosure controls and procedures. We do not expect to implement any changes to our disclosure controls and procedures until there is a significant change in our operations or capital resources.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Clean Coal Technologies, Inc. was served with a Statement on or about January 23, 2013 in an international arbitration proceeding titled Beijing Deheng Law Firm v. Clean Coal Technologies, Inc., #x20230033, filed with the China International Economic and Trade Arbitration Commission (“CIETAC”). The Beijing Deheng Law Firm (“Deheng”) has filed a claim against the Company for alleged breach of a Settlement Agreement to pay legal fees and costs. As a result of the arbitration, in September 2013, CIETAC awarded the Deheng Law Firm approximately \$146,000 representing legal fees, arbitration fees and costs, plus interest to be determined upon payment. At this time, the Company does not intend to contest the arbitration over this legacy issue since legal costs to do so would be prohibitive.

ITEM 1A. RISK FACTORS

For information regarding risk factors, see “Part I. Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2012.

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

In July 2013, we issued 10,000 shares to a consultant for services rendered and 250,000 shares to another consultant in lieu of a monthly cash fee due under a consulting agreement. Also in July 2013, we issued 1,000,000 shares to Robin Eves, our Chief Executive Officer, in connection with a loan of \$40,000.

In July 2013, we sold 12,000,000 shares of common stock at \$0.0208 per share for cash proceeds of \$250,000 and sold 1,833,333 shares of common stock at \$0.015 per share for cash proceeds of \$27,500.

In August and September 2013, we issued an aggregate of 6,000,000 shares in connection with related party debt with a relative fair value of \$96,164. Also in August 2013, we issued 500,000 shares to a consultant for services rendered valued at \$19,300.

In September 2013, we sold 6,600,000 shares at \$0.025 per share for cash proceeds of \$165,000.

The above shares were issued in reliance on the exemption from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended, and the regulations promulgated thereunder. The issuances were for services, interest on loans and investment, respectively. The transactions were privately negotiated and did not involve any kind of public solicitation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 5. OTHER INFORMATION

ITEM 6. EXHIBITS

EXHIBIT DESCRIPTION
NO.

- 31 CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.
- 32 CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

- 101.INS XBRL Instance Document
101.SCH XBRL Taxonomy Extension Schema Document
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB XBRL Taxonomy Extension Label Linkbase Document
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Clean Coal Technologies

Date: November 12, 2013

By:

/s/ Robin Eves
Robin Eves
President, CEO, and Acting Chief Financial
Officer

