

Clean Coal Technologies Inc.
Form 10-Q
May 01, 2018

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: March 31, 2018

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 26-1079442
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

295 Madison Avenue (12th Floor), New York, NY 10017
(Address of principal executive offices) (Zip Code)

(646) 727-4847
(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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected to not use the extended transition period for complying with any new or revisited financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 30, 2018: 148,972,419

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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)

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	\$67,564	\$11,773
Total Current Assets	67,564	11,773
Property, plant and equipment, net of accumulated depreciation of \$1,019 and \$1,019, respectively	-	-
Total Assets	\$67,564	\$11,773
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	\$1,571,861	\$2,268,507
Accrued liabilities	4,628,167	4,224,073
Notes payable	413,185	413,185
Notes payable – related party	50,000	50,000
Customer deposits – related party	100,000	100,000
Convertible debt, net of unamortized discounts – related party	5,170,600	4,551,227
Total Current Liabilities	11,933,813	11,606,992
Long-Term Liabilities		
Convertible debt, net of unamortized discounts – related party	1,428,145	1,493,558
Total Liabilities	13,361,958	13,100,550
Stockholders' Deficit:		
Common stock, \$0.00001 par value; 500,000,000 shares authorized, 148,972,419 and 148,972,419 shares issued and outstanding, respectively	1,489	1,489
Additional paid-in capital	256,497,282	255,321,698
Accumulated deficit	(269,793,165)	(268,411,964)
Total Stockholders' Deficit	(13,294,394)	(13,088,777)

Total Liabilities and Stockholders' Deficit	\$67,564	\$11,773
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The accompanying notes are an integral part of these unaudited financial statements.

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Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Operating Expenses:		
General and administrative	\$397,574	\$438,713
Research and development	50,201	-
Consulting services	10,025	4,088
Gain on sale of assets	(18,300)	-
Loss from Operations	(439,500)	(442,801)
Other (Expenses) Income:		
Interest expense	(941,701)	(445,421)
Debt default, standstill, settlement and transfer expenses	-	(22,014)
Gain on change in fair value of derivative liabilities	-	8,788,332
Total Other (Expenses) Income	(941,701)	8,320,897
Net (Loss) Income	\$(1,381,201)	\$7,878,096
Net (loss) income per share - basic	\$(0.01)	\$0.07
Weighted average shares outstanding - basic	148,972,419	105,272,409
Net loss per share - diluted	\$(0.01)	\$(0.00)
Weighted average shares outstanding - diluted	148,972,419	206,510,723

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

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

	Three months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$(1,381,201)	\$7,878,096
Adjustment to reconcile net (loss) income to net cash used in operating activities:		
Amortization of debt discounts	487,044	231,717
Gain on sale of assets	(18,300)	-
Gain on change in fair value of derivative liabilities	-	(8,788,332)
Loss on settlement of related debt	-	22,014
Changes in operating assets and liabilities:		
Decrease in accounts payable	(696,646)	(166,072)
Increase in accrued expenses	404,094	442,333
Net Cash Used in Operating Activities	(1,205,009)	(380,244)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of fixed assets	18,300	-
Net Cash Used in Operating Activities	18,300	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on convertible debt, net of original issue discounts – related party	1,242,500	217,490
Borrowings on related party debt	-	130,010
Payments on related party debt	-	(5,000)
Net Cash Provided by Financing Activities	1,242,500	342,500
NET CHANGE IN CASH AND CASH EQUIVALENTS	55,791	(37,744)
CASH AND CASH EQUIVALENTS - beginning of period	11,773	100,444
CASH AND CASH EQUIVALENTS - end of period	\$67,564	\$62,700
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$-	\$-
Cash paid for income taxes	\$-	\$-
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Beneficial conversion feature on convertible debt – related party	\$1,175,584	\$-
Debt discounts due to derivative liabilities	\$-	\$721,178
Common stock issued for conversion of debt	\$-	\$763,390
Derivative liabilities recorded as debt discounts	\$-	\$150,471
Accrued cash restructuring fees	\$-	\$10,875

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”, the “Company”) 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 2017 as reported in the Form 10K have been omitted.

Net Income (Loss) per Common Share

Basic net income (loss) per share is computed on the basis of the weighted average number of common shares outstanding during each year. Diluted net income (loss) per share is computed similar to basic net income (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. In periods where losses are reported, the weighted-average number of common stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

For the three months ended March 31, 2018, the Company realized a net loss, resulting in outstanding warrants, and outstanding convertible debt having an antidilutive effect. For the three months ended March 31, 2017, the dilutive effect of the outstanding warrant conversion options was 10,763,893 shares and the dilutive effect of the outstanding convertible debt was 90,464,421 shares, with a reduction to net income of \$8,788,332.

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 Clean Coal is unable to continue as a going concern. Clean Coal has an accumulated deficit and a working capital deficit as of March 31, 2018 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 from operations 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: RESEARCH AND DEVELOPMENT

Research and development consists of costs incurred related to the construction and testing of a 2-ton/hour test plant in Oklahoma and its move to Wyoming in Q1 2018. In quarter four 2015, the test plant was commissioned and testing of the plant started. Testing was successfully completed in April 2016. Following discussions with the US Government and with both domestic and international clients the company decided to restart the test facility in order to run specific additional tests at clients and US governments request. The test facility was prepared for testing in August 2017 and testing commenced in October 2017. The test facility was restarted for three specific reasons. Firstly to complete additional detailed tests, secondly to upgrade aspects of the process to further increase the British Thermal Unit value of the beneficiated coal and finally to enable Kiewit, our EPC contractors, to use the process of running the test facility to enable them improve their design of a commercial unit. The Company moved the facility to Wyoming in Q1 2018 and has secured a location at Fort Union Industrial Park where the permitting application has commenced and reassembly expected to be completed in Q2 2018. During the three months ended March 31, 2018 and 2017, we incurred \$50,201 and \$0 in research and development expenses, respectively.

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NOTE 4: RELATED PARTY TRANSACTIONS

Wages and bonus payable to related parties

Accruals for salary and bonuses to officers and directors are included in accrued liabilities in the balance sheets and totaled \$1,922,964 and \$2,023,992 as of March 31, 2018 and December 31, 2017, respectively. As part of the separation agreement with Mr. Ponce de Leon, the Company agreed to pay him all his accrued salary within two years but agreed to pay him \$200,000 by November 2015 out of revenues earned. As the Company did not earn revenue in 2015 and as at December 2017 has still not earned revenue, the obligation to Mr. Ponce de Leon of \$1,422,987 is currently in default and the amount includes \$196,273 in accrued interest. It is the Company's intention to pay Mr. Ponce de Leon immediately upon receiving revenue.

Convertible Debt

During the three months ended March 31, 2018, the Company borrowed an aggregate of \$1,242,500, net of original issue discounts and fees of \$1,175,584, under convertible notes payable from a Company with an interest owned by a significant stockholder. As of March 31, 2018 and December 31, 2017, the Company had outstanding short-term convertible notes payable of \$5,170,600 and \$4,551,227, net of unamortized discounts of \$416,332 and \$310,428, respectively and outstanding long term convertible notes payable of \$1,428,145 and \$1,493,558, net of unamortized discounts of \$3,164,713 and \$2,582,075, respectively. The convertible notes payable are convertible at \$0.06 per share, which was a discount to the market price on the date of issuance. As such, a total of \$1,175,584 was recognized as a beneficial conversion feature and is being amortized to interest expense over the life of the respective convertible notes payable. Amortization expense related to debt discounts on convertible debt for the three months ended March 31, 2018 and 2017 were \$487,044 and \$231,717 respectively.

Nonconvertible Debt

As of March 31, 2018 and December 31, 2017, the Company had outstanding notes payable to former affiliates of the Company of \$50,000. These notes payable of the Company are unsecured, bear no interest and are due on demand.

Customer Deposit

During July 2017, the Company entered into a non-binding agreement to explore the opportunity of engaging in a license of Clean Coal Pristine M technology. As part of the non-binding agreement, in September 2017, the Company received a non-refundable deposit of \$100,000, subject to application to any future license agreement. The license agreement is for 2 million ton per annum agreement. The remainder of the license fee will be due upon the signing of a definitive license agreement expected in the second half of 2018.

NOTE 5: DEBT

As of March 31, 2018 and December 31, 2017, the Company had outstanding notes payable to former affiliates of the Company of \$413,185. These notes payable of the Company are unsecured, bear no interest and are due on demand.

NOTE 6: STOCKHOLDERS' EQUITY

Common Stock Options

A summary of common stock option activity for the three months ended March 31, 2018 is as follows:

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	Options	Weighted Average Exercise Price	Weighted Average Remaining Term
Outstanding - December 31, 2017	685,713	\$ 4.52	0.78
Granted	-	-	-
Expired	-	-	-
Exercised	-	-	-
Outstanding – March 31, 2018	685,713	\$ 4.52	0.52
Exercisable – March 31, 2018	685,713	\$ 4.52	0.52

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The intrinsic value of the exercisable options as of March 31, 2018 was \$0.

Common Stock Warrants

The following table presents the common stock warrant activity during the three months ended March 31, 2018:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Term
Outstanding - December 31, 2017	7,343,192	\$ 0.08	2.15
Granted	-	-	-
Forfeited/expired	-	-	-
Exercised	-	-	-
Outstanding – March 31, 2018	7,343,192	\$ 0.08	1.90
Exercisable – March 31, 2018	7,343,192	\$ 0.08	1.90

The intrinsic value of the exercisable warrants as of March 31, 2018 was \$226,242.

NOTE 7: SUBSEQUENT EVENTS

In April 2018, following mediation with a vendor of an outstanding balance, the company successfully won the case and the balance of \$320,000 was waived. The company had previously recognized this balance in their accounts and it will be reversed in Q2 2018.

In April 2018, the company secured a permanent location in Wyoming for its test facility at the Fort Union Industrial Park. The term of the lease is three years.

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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

Over the past decade, Clean Coal Technologies, Inc. has developed processes that address what we believe are the key technology priorities of the global coal industry. We currently have three processes in our intellectual property portfolio:

The original process, called Pristine, is designed to remove moisture and volatile matter, rendering a high-efficiency, cleaner thermal coal. The process has been tested successfully on bituminous and subbituminous coals, and lignite from various parts of the United States and from numerous countries around the world.

Our second process, called Pristine-M, is a low-cost coal dehydration technology. In tests, this process has succeeded in drying coal economically and stabilizing it using volatile matter released by the feed coal. Construction of our coal testing plant was completed in December 2015 and was successfully tested through April 2016 at AES Coal Power Utility in Oklahoma. Additional tests commenced and were completed in Q4 2017. This test facility has been moved from AES to Wyoming where reassembly will commence and testing of international coal is expected in Q2-Q3 2018.

Our third process, called Pristine-SA, is designed to eliminate 100% of the volatile matter in the feed coal and to achieve stable combustion by co-firing it with biomass or natural gas. The process is expected to produce a cleaner fuel that eliminates the need for emissions scrubbers and the corollary production of toxic coal ash. We anticipate that treated coal that is co-fired with other energy resources will burn as clean as natural gas.

Anticipated Benefits of the Technology:

• Reduction of undesired emissions and greenhouse gases through the removal of compounds that are not required for combustion in conventional boilers.

Cost savings and environmental impact reduction. Our pre-combustion solution is expected to be significantly less expensive than post-combustion solutions such as emissions scrubbers. Not only are the latter prohibitively expensive, they produce coal ash containing the "scrubbed" compounds, which is dumped in toxic waste disposal sites where it may pose continuing environmental risk. Coal treated using our processes may eliminate the need for post-combustion emissions scrubbers and the resulting toxic ash.

Potential use of compounds removed from treated coal. Volatile matter captured in the Pristine process is removed in the form of hydrocarbon liquids that we believe will be easily blended with crude oil or used as feedstock for various products. For example, sulfur, which can be removed using the Pristine process, is a basic feedstock for fertilizer. The harvesting of hydrocarbon liquids from abundant, cheaper coal is a potentially lucrative side benefit of our processes.

Successful testing of the Pristine M process resulted in an increase in BTU of the processed coal and a reduction in moisture content making it less expensive to transport (as moisture has been removed) with the end product being a dust free stabilized enhanced coal which we believe will address the issue of coal dust pollution during transportation.

Energy Independence. To the extent that volatile matter is removed from coal, coal's use as an energy resource is greatly improved, enabling the United States and other coal-rich countries to move towards energy independence owing to coal's greater abundance.

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Development Status:

Pristine process. Pristine process successfully lab tested on small scale and through advanced computer modeling. As at February, 2018, various aspects of the Pristine process has been tested at our test facility at the AES coal Power plant in Oklahoma as part of the overall testing of Pristine M.

Pristine-M. Testing of the Pristine M process on Powder River Basin coal at the AES facility in Oklahoma was completed in December 2017. The Pristine M process was successfully tested and the process, engineering and science were independently proven. The test facility was moved from the AES location to Wyoming where reassembly will commence and testing of international coal is expected in Q2-Q3 2018.

Pristine-SA process. Pristine SA process analysis is at a very early stage. Further research and development is expected using the test facility at its permanent location in Wyoming.

Business Outlook

Wyoming New Power, a related party company, has agreed to sign a two million ton per annum license agreement to use Pristine M at a location in Wyoming. They have paid a non-refundable \$100,000 deposit on the license agreement. The definitive license agreement is expected to be signed within 30 days of their receipt of a commercial design that they are working on with their EPC contractor. The agreement is expected to be completed in Q2 – Q3 2018. Wyoming New Power is a Related Party because it is controlled by a party that also controls the entity, which is the major lender and significant stockholder of the Company.

Jindal Steel & Power is expected to contract a commercial plant in Q2-Q3, 2018. Jindal is expected to send coal to be processed through our test facility immediately following its reassembly. The bespoke commercial facility design is expected after the testing.

The Company entered into a partnership with the University of Wyoming with the sole focus of using our suite of technologies to increase the use of and value of Wyoming Powder River Basin coal. Primary focus is on utilizing our technology to extract valuable derivative products from coal.

The Company has been engaged with AusTrade (The Australian Trade and Investment Commission) and through that relationship has partnered with three separate universities in Australia. Like the University of Wyoming these Universities have a focus on their local coal both from a beneficiation perspective and also extracting derivative by products from coal using our technology.

The Company has engaged in discussions and met with the Minister for Coal in India and a number of the Energy governmental bodies in India in December 2017. As at April 2018 they are performing due diligence on our technology.

The company has met with a number of the senior management of some of the largest Energy companies in India in December 2017. As at April 2018 we continue to advance commercial terms with these parties. Upon completion of the reassembly of the test facility in Wyoming arrangements are being made for these companies to send 500 tons of their coal to the facility for testing. This is expected in Q2 – Q3 2018.

Discussions continue with the US DOE and Capitol Hill to further our technology to benefit US coal.

Employees

As of March 31, 2018, we had two full-time executives. President and CEO Robin Eves, Chief Operations Officer and Aiden Neary, Chief Financial Officer have written employment agreements. Messrs. Eves and Neary received no compensation for their participation on the Board of Directors.

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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

We had no direct revenues for the three months ended March 31, 2018 or the year ended December 31, 2017. In 2017, we received \$100,000 as a non refundable deposit on a two million ton license agreement from Wyoming New Power, a related party. The definitive license agreement is expected to be completed in the second or third quarter of 2018. In the year ended December 31, 2017, we have received an initial license fee of \$375,000 from Jindal paid pursuant to the signing of our coal testing plant construction contract. The balance of \$375,000 will be due upon the successful review and assessment of the testing completed in December 2017 at AES, currently anticipated in the third quarter of fiscal 2018. We do not anticipate any significant royalty fees for approximately 12 months thereafter.

For the Three Months Ended March 31, 2018 and March 31, 2017

Revenues

We have generated no revenues for the three months ended March 31, 2018 and 2017. During the third quarter of 2017, we received a customer deposit of \$100,000 towards license revenues from Wyoming New Energy. At March 31, 2018, the \$100,000 is recorded as a customer deposit payable until license acceptance and delivery.

Operating Expenses

Our operating expenses for the three months ended March 31, 2018 totaled \$439,500 compared to \$442,800 for the three month period in 2017. The primary component of the operating expenses for the three months ended March 31, 2018 was general and administrative expenses, recognizing \$397,574 for the three months ended March 31, 2018, compared to \$438,712 for the three months ended March 31, 2017. The decrease in general administrative is mainly due to decreases in expenses such as professional fees, as well as the recognition of \$18,300 in sales of scrap metal. Consulting services expense were \$10,025 for the three months ended March 31, 2018, compared to \$4,088 for the three months ended March 31, 2017. We also recognized \$50,201 in research and development expenses during the three months ended March 31, 2018, compared to none during the three months ended March 31, 2017.

Other Income and Expenses

During the three months ended March 31, 2018, we recognized total other expense of \$941,701 compared to total other income of \$8,320,897 for the three months ended March 31, 2017. The majority of the decrease is due to a \$8,788,332 gain on change in fair value of derivative liabilities during the three months ended March 31, 2017. There were no such gains during the three months ended March 31, 2018. Interest expense increased as a result of new convertible notes payable and debt discount amortization during the three months ended March 31, 2018.

Net Income/Loss

For the three months ended March 31, 2018, we had net loss of \$1,381,201, compared to net income of \$7,878,097 for the three months ended March 31, 2017. The decrease in net income is mainly due to the decrease in other income from derivatives as discussed above.

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We anticipate losses from operations will increase during the next three months due to costs associated with moving the test plant to a permanent location, 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 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 coal testing plant testing is complete.

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

Net Cash Used in Operating Activities. Our primary source of operating cash during the three months ended March 31, 2018, was borrowings on related party debt, third party debt and convertible debt. Our primary uses of funds in operations were the completion of the construction of the test facility including the testing of the plant, the payment of professional and consulting fees and general operating expenses.

Net cash used in operating activities, was \$1,205,009 for the three months ended March 31, 2018 compared to net cash used of \$380,244 for the same period in 2017. Adjustment items to reconcile net income to net cash used in operating activities for the three months ended March 31, 2018 consisted of amortization of debt discounts of \$487,044 and a gain on the sale of assets of \$18,300.

Net Cash Used In Investing Activities. Net cash used in investing activities for the three months ended March 31, 2018 and 2017 was \$18,300 and \$0, respectively. All cash from investing activities in 2018 is from the sale of assets.

Net Cash Provided by Financing Activities. Net cash provided by financing activities during the three months ended March 31, 2018 totaled \$1,242,500 and was all from the issuance of convertible notes payable to a related party, compared to \$217,490 in cash received from the issuance of related party convertible notes payable during the three months ended March 31, 2017. During the three months ended 2017, borrowings on related party notes was \$130,010, offset by payments on related party notes of \$5,000.

Cash Position and Outstanding Indebtedness

At March 31, 2018, we had \$67,564 in current assets, consisting of all cash and \$13,361,958 in liabilities which consist of \$11,933,813 in current liabilities and \$1,428,145 in long-term liabilities. Current liabilities consist primarily of accounts payable, accounts payable to related parties, accrued liabilities, short-term debt and related party debt.

At December 31, 2017, we had current assets of \$11,773, consisting of all cash and \$13,100,550 in liabilities, which consisted of \$11,606,992 in current liabilities and \$1,493,558 in long-term liabilities. Current liabilities consist primarily of accounts payable, accounts payable to related parties, accrued liabilities, short-term debt, convertible debt and related party debt.

Our working capital deficit at March 31, 2018 and December 31, 2017 was \$11,866,249 and \$11,595,219, respectively.

Contractual Obligations and Commitments

We lease office space in New York, NY on a month to month basis, at a monthly rate of \$200 per month.

Our engineering consultants has tentatively estimated construction costs for each one million short ton coal complete cleaning facility of approximately \$250 million (excluding land costs) or costs and for a similar size Pristine-M-only facility of approximately \$35-40 million (excluding land costs). All intellectual property rights associated with new art developed by our engineering consultants remain our property.

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.

In November 2015, we entered into a month to month agreement with South of the Rose communication to manage our Investor Relations needs and manage social media requirements.

Construction of the coal testing plant was completed in 2015 and testing commenced in December 2015 at the AES Coal Power Utility in Oklahoma. As of December 31, 2017, we have paid \$9,707,795 with a further \$300,000 required to move the test plant from AES to Wyoming in Q1 2018.

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Based on our current operational costs and including the capital requirements for our project deployments, we estimate we will need a total of approximately \$5,000,000 to fund the Company for the fiscal year 2018 and an additional \$4,500,000 to continue for the following fiscal year (2019) or until an initial commercial plant is up and running.

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 March 31, 2018, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, 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. There is a lack of appropriate 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. As of March 31, 2018, we had two full time officers of the company.

There were no changes in internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially effect, our internal controls and procedures. We do not expect to implement any changes to our 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

The Company is currently contesting a charge from a vendor claiming \$320,000 in charges for work provided on its test facility. It is the Company's contention that they have been overcharged by a minimum of \$205,000 based on evidence submitted by third parties and is seeking remediation for this overcharge. As at December 31, 2017 the full charge of \$320,000 has been recognized in the company's books and records. In April 2018, following a successful mediation the vendor agreed to waive the full \$320,000 outstanding balance. This balance will be reversed in our accounts in Q2 2018.

As part of the separation agreement with Mr. Ponce de Leon, the ex COO of the Company, the Company agreed to pay him his accrued salary of \$1,226,711 within two years but agreed to pay him \$200,000 by November 2015 out of revenues earned. As the Company did not earn revenue in 2015 and as at December 2017 has still not earned revenue, the obligation to Mr. Ponce de Leon is currently in default. It is the Company's intention to pay Mr. Ponce de Leon immediately upon receiving revenue including any interest that has been accrued. As of March 31, 2018, the Company has accrued a total of \$1,422,987 in accrued salary and interest.

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, 2017.

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

No shares were issued during Q1 2018.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 5. OTHER INFORMATION

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION
31	<u>CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.</u>
32	<u>CERTIFICATION OF PRINCIPAL EXECUTIVE AND FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.</u>
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: April 30, 2018 By: /s/ Aiden Neary
Aiden Neary
Chief Financial Officer