Clean Coal Technologies Inc.
Form 10-Q
August 02, 2011

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

FORM 10-Q

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

For the quarterly period ended: June 30, 2011

o 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<br>(State or other jurisdiction of incorporation or organization) | 26-1079442<br>(I.R.S. Employer Identification No.) |
|---|---|
| 295 Madison Avenue (12th Floor), New York, NY<br>(Address of principal executive offices) | 10017<br>(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 ý and (2) has been subject to such filing requirements for the past 90 days. No ý

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 x No ¨

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 ý

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

The number of shares outstanding of Registrant’s Common Stock as of July 29, 2011: 570,680,205

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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.
(A Development Stage Company)
Balance Sheets
(Unaudited)

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| ASSETS | | |
| Current Assets: | | |
| Cash | $9,995 | $5,446 |
| Total Current Assets | 9,995 | 5,446 |
| | | |
| Property, plant and equipment, net of accumulated depreciation of $535 and $484, respectively | 433 | 535 |
| Total Assets | $10,428 | $5,981 |
| | | |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current Liabilities: | | |
| Accounts payable | $370,109 | $305,870 |
| Accounts payable to related parties | 750,737 | 294,187 |
| Advances from related parties | 392,569 | 171,914 |
| Accrued liabilities | 92,570 | 75,201 |
| Short-term debt | 75,303 | 73,003 |
| Debt owed to related parties | 379,732 | 379,732 |
| Total Current Liabilities | 2,061,020 | 1,299,907 |
| | | |
| Long-term debt | - | 30,916 |
| Debt owed to related parties | - | 1,168,169 |
| Total Liabilities | 2,061,020 | 2,498,992 |
| | | |
| Stockholders’ Deficit: | | |
| Common stock, $0.00001 par value; 600,000,000 shares authorized, 570,680,205 and 531,977,794 shares issued and outstanding, respectively | 5,706 | 5,320 |
| Additional paid-in capital | 195,967,320 | 193,816,192 |
| Deficit accumulated during the development stage | (198,023,618) | (196,314,523) |
| Total Stockholders' Deficit | (2,050,592) | (2,493,011) |
| Total Liabilities and Stockholders' Deficit | $10,428 | $5,981 |

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

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Clean Coal Technologies, Inc.
(A Development Stage Enterprise)
Statements of Expenses
(Unaudited)

| | Three Months Ended June 30, 2011 | Three Months Ended June 30, 2010 | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2010 | October 20, 1997 (Inception) Through June 30, 2011 |
|---|---|---|---|---|---|
| Operating Expenses: | | | | | |
| General and administrative | $346,161 | $589,179 | $458,211 | $698,180 | $3,046,545 |
| Research and development | - | - | - | - | 374,912 |
| Consulting services | 613,849 | 1,985,687 | 1,216,413 | 7,010,156 | 173,464,904 |
| Loss from Operations | (960,010) | (2,574,866) | (1,674,624) | (7,708,336) | (176,886,361) |
| Other Income (Expenses): | | | | | |
| Interest Expense | (15,664) | (51,907) | (34,471) | (78,202) | (576,063) |
| Other income | - | - | - | 990 | 4,590 |
| Other expenses | - | - | - | - | (18,985) |
| Loss on extinguishment of debt | - | - | - | - | (146,607) |
| Gain on change in derivative liability | - | - | - | - | 7,598,481 |
| Total Other Income (Expenses) | (15,664) | (51,907) | (34,471) | (77,212) | 6,861,416 |
| Net loss | $(975,674) | $(2,626,773) | $(1,709,095) | $(7,785,548) | $(170,024,945) |
| Net loss per share - basic and diluted | $(0.00) | $(0.01) | $(0.00) | $(0.02) | |
| Weighted average common shares outstanding - basic and diluted | 556,261,615 | 460,808,535 | 547,194,158 | 454,645,440 | |

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

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Clean Coal Technologies Inc
(A Development Stage Company)
Statement of Stockholders' Deficit
(Unaudited)
December 31, 2010 through June 30, 2011

| | Common Stock | | Additional Paid-In Capital | Deficit Accumulated During the Development Stage | Stockholders' Deficit |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balances at December 31, 2010 | 531,977,794 | $5,320 | $193,816,192 | $(196,314,523) | $(2,493,011) |
| Common stock issued for services | 21,343,333 | 213 | 616,012 | - | 616,225 |
| Common stock issued upon conversion of debt and interest | 17,359,078 | 173 | 1,219,302 | - | 1,219,475 |
| Accrued stock-based compensation | - | - | 315,814 | - | 315,814 |
| Net loss | - | - | - | (1,709,095) | (1,709,095) |
| Balances at June 30, 2011 | 570,680,205 | $5,706 | $195,967,320 | $(198,023,618) | $(2,050,592) |

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

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Clean Coal Technologies Inc
(A Development Stage Enterprise)
Statements of Cash Flows
(Unaudited)

| | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2010 | October 20, 1997 (Inception) Through June 30, 2011 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net loss | $(1,709,095) | $(7,785,548) | $(170,024,945) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation expense | 102 | 102 | 5,906 |
| Shares issued for settlement of lawsuit | - | 2,500 | 2,500 |
| Shares issued for services | 932,039 | 6,808,421 | 153,623,895 |
| Warrant expense | - | - | 16,490,517 |
| Loss on extinguishment of debt | - | - | 146,607 |
| Loss on shares issued for debt | - | 16,500 | 35,287 |
| Beneficial conversion feature on converted debt | - | - | 50,000 |
| Interest expense paid in shares | - | - | 193,407 |
| Interest converted to debt | - | 7,996 | 117,392 |
| Write-off of asset | - | - | 16,015 |
| Gain on derivative liability | - | - | (7,598,481) |
| Gain on write-off of accounts payable | - | - | (87,404) |
| Changes in operating assets and liabilities: | | | |
| Prepaid expenses and other current assets | - | - | (11,015) |
| Accounts payable | 64,239 | (7,721) | 485,846 |
| Accounts payable - related party | 456,550 | 698,025 | 3,911,955 |
| Accrued expenses | 37,759 | 49,351 | 95,907 |
| Cash Used In Operating Activities | (218,406) | (210,374) | (2,546,611) |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of fixed assets | - | - | (6,339) |
| Investment in joint venture | - | - | (5,000) |
| Cash Used in Investing Activities | - | - | (11,339) |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from the sale of stock | - | - | 80,000 |
| Advances from related parties | 220,655 | - | 708,569 |
| Borrowings on related party debt | - | 170,000 | 1,706,576 |
| Payments on related party debt | - | (3,000) | (3,000) |
| Borrowings on debt | 2,300 | 35,000 | 75,800 |
| Cash Provided by Financing Activities | 222,955 | 202,000 | 2,567,945 |
| | | | |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 4,549 | (8,374) | 9,995 |
| CASH AND CASH EQUIVALENTS - beginning of period | 5,446 | 9,860 | - |
| CASH AND CASH EQUIVALENTS - end of period | $9,995 | $1,486 | $9,995 |

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

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Clean Coal Technologies Inc
(A Development Stage Enterprise)
Statements of Cash Flows
(Unaudited) (continued)

| | Six Months Ended June 30, 2011 | Six Months Ended June 30, 2010 | October 20, 1997 (Inception) Through June 30, 2011 |
|---|---|---|---|
| SUPPLEMENTAL DISCLOSURES: | | | |
| Cash paid for interest | $3,301 | $2,489 | $4,571 |
| Cash paid for income taxes | - | - | - |
| | | | |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | |
| Forgiveness of related party debt and accrued interest | $- | $- | $69,553 |
| Derivative liability removed due to warrants exercised | - | - | 36,890,709 |
| Cumulative effect of change in accounting principle | - | - | 44,489,190 |
| Preferred stock issued for related party debt | - | - | 380,837 |
| Preferred stock converted to common stock | - | - | 481 |
| Accrued interest converted to debt | - | 86,796 | - |
| Payables converted to debt | - | 28,333 | 28,333 |
| Related party payables and advances converted to debt | - | - | 2,816,664 |
| Common stock issued for debt, liabilities and accrued interest | 31,530 | 16,500 | 135,332 |
| Common stock issued for related party debt, liabilities and accrued interest | 1,187,945 | - | 4,364,899 |

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

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Clean Coal Technologies, Inc.
(A Development Stage Company)
Notes to Financial Statements
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Clean Coal Technologies, Inc. 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 2010 as reported in the Form 10K have been omitted.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to current period presentation.

FAIR VALUE MEASUREMENTS

Clean Coal values its warrants and non cash common shares transactions under FASB ASC 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 were effective January 1, 2008.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Clean Coal utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. Clean Coal classifies fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of

these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

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Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Clean Coal uses Level 3 to value its warrant instruments and Level 1 to value its non cash common share transactions. There were no warrants outstanding as of June 30, 2011.

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 June 30, 2011 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: RELATED PARTY TRANSACTIONS

Debt from related parties

A summary of the debt from related parties outstanding as of June 30, 2011 and December 31, 2010 is as follows:

| DATE OF NOTE | TO WHOM | MATURITY DATE | INTEREST RATE | 2011 | 2010 |
|---|---|---|---|---|---|
| June 30, 2008 | Equimune Research Corp | June 30, 2010 | 10% | $ 252,641 | $ 252,641 |
| September 30, 2009 | Enviro Fuels Mfg Inc | Demand | 0% | 98,091 | 98,091 |
| September 30, 2009 | Enviro Fuels Mfg Inc | Demand | 0% | 500 | 500 |
| October 31, 2009 | Enviro Fuels Mfg Inc | Demand | 0% | 3,000 | 3,000 |
| November 30, 2009 | Enviro Fuels Mfg, Inc | Demand | 0% | 500 | 500 |
| March 8, 2010 | Enviro Fuels Mfg., Inc | September 8, 2010 | 10% | 25,000 | 25,000 |
| June 30, 2010 | Douglas Hague | June 30, 2012 | 4% | - | 382,703 |
| June 30, 2010 | C J Douglas | June 30, 2012 | 4% | - | 688,424 |
| June 30, 2010 | Edward Jennings | June 30, 2012 | 4% | - | 23,792 |
| June 30, 2010 | Mitchell Shapiro | June 30, 2012 | 4% | - | 22,959 |
| June 30, 2010 | Stewart Ashton | June 30, 2012 | 4% | - | 24,083 |

| | | | | | |
|---|---|---|---|---|---|
| June 30, 2010 | Richard Young | June 30, 2012 | 4% | - | 26,208 |
| | | | | $ 379,732 | $ 1,547,901 |

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All of the related party notes listed above are unsecured. The notes listed above from June 30, 2010 were convertible into common stock of Clean Coal at $0.07025 per share. Clean Coal evaluated the notes for a beneficial conversion feature under ASC 470-20 on the date of the notes and determined that none existed. During the quarter ended June 30, 2011, $1,168,169 of these June 30, 2010 related party notes and accrued interest of $19,776 were converted into 16,910,256 shares of Clean Coal's common stock.

Advances from related parties

At June 30, 2011 and December 31, 2010, unpaid advances from related parties totaled $392,569 and $171,914, respectively. These advances are unsecured, due on demand and bear no interest.

Accounts payable from related parties

At June 30, 2011 and December 31, 2010, unpaid services provided by related parties totaled $750,737 and $294,187, respectively, which was included in accounts payable from related parties.

NOTE 4: NOTES PAYABLE

As of June 30, 2011 and December 31, 2010, the aggregate unpaid principal of outstanding notes payable was $75,303 and $103,919, respectively. The notes are unsecured, bear interest between 0% and 10% per annum and mature between on demand and June 30, 2012. A portion of the notes with an aggregate unpaid principal amount of $30,916 at December 31, 2010 was convertible into common stock of Clean Coal at $0.07025 per share. Clean Coal evaluated the notes for a beneficial conversion feature under ASC 470-20 on the date of the notes and determined that none existed. During the quarter ended June 30, 2011, $30,916 of these convertible notes and accrued interest of $614 were converted into 448,822 shares of Clean Coal's common stock.

NOTE 5: EQUITY TRANSACTIONS

Common Stock

On August 9, 2010 Clean Coal entered into an employment agreement with Robin Eves as President and Chief Executive Officer. Under the employment agreement, President and Chief Executive Officer is entitled to a stock bonus of 28,000,000 common shares. Under the terms of the employment agreement, the stock is to be awarded as follows: 50% of the shares to be exercisable at the signing of the agreement, and the balance of 50% exercisable after January 31, 2012, or on the accomplishment of a significant business objective as established by the Board of Directors. Clean Coal calculated the fair value of the award based upon the closing stock price on the grant date of August 9, 2010 and is expensing the award over the award periods. The total fair value of the award was determined to be $868,000. A total of $146,274 and $290,941 was recognized as share-based compensation under this award for the three and six months ended June 30, 2011, respectively and is reflected as accrued stock-based compensation in the Statement of Stockholders' Deficit. As of June 30, 2011, a total of 14,000,000 shares have been issued under the agreement and are shown as outstanding in the Statement of Stockholders' Deficit. The unvested portion of the award of $345,983 will be recognized over the remaining award period through January 31, 2012.

On April 1, 2011 Clean Coal entered into an employment agreement with Ignacio Ponce De Leon as Chief Operating Officer. Under the employment agreement, the Chief Operating Officer is entitled to a stock bonus of 2,000,000 common shares. Under the terms of the employment agreement, the stock vests on January 1, 2012. Clean Coal calculated the fair value of the award based upon the closing stock price on the grant date of April 1, 2011 and is expensing the award over the vesting period. The total fair value of the award was determined to be $76,000. A total of $24,873 was recognized as share-based compensation under this award for the three and six months ended June 30,

2011 and is reflected as accrued stock-based compensation in the Statement of Stockholders' Deficit. As of June 30, 2011, no shares have been issued under the agreement. The unvested portion of the award of $51,127 will be recognized over the remaining vesting period through January 1, 2012.

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During the six months ended June 30, 2011, Clean Coal issued an aggregate of 21,343,333 common shares for services valued at $616,225 and issued an aggregate of 17,359,078 common shares for the conversion of debt and accrued interest totaling $1,219,475.

On August 12, 2010, Clean Coal entered into a fifteen month strategic financial and consulting agreement with MMB Global Advisors. Under the terms of the agreement, MMB was to be awarded 12,000,000 restricted shares at the time of the contract signing with 15,000,000 additional shares to be awarded over the term of the contract (1 million shares per month). On June 1, 2010, Clean Coal amended the Advisory Agreement with MMB Global Advisors dated August 12, 2010 to reflect a reduction of four million shares. This Amendment reduced the total number of 27,000,000 shares originally awarded by this agreement, to 23,000,000 shares. As of the date of the amendment, 21,000,000 shares had vested under the agreement. The unvested balance of the remaining 2,000,000 shares will be earned over the remaining months of the agreement through November 2011.

Common Stock Options

On February 7, 2011, Clean Coal entered into an investor relations advisor agreement and granted the advisor 900,000 common stock options. The options are exercisable at $0.0264 per share, expire on February 7, 2016 and vest 75,000 options per month over one year. Clean Coal estimated the fair value of the options to be $20,647 using the Black-Scholes option pricing model. The significant assumptions used in the model included the following: the closing price of Clean Coal’s common stock on the date of grant of $0.026, no expected dividend yield, expected volatility of 180.34%, risk free interest rate of 1.28% and an expected term of 2.77 years. On June, 8, 2011, the investor relations agreement was amended to reflect a lesser number of services, with a corresponding 50% reduction in monthly fees, a one-time share payment, and the elimination of all previous stock option provisions. Due to the stock options being cancelled, there was no expense recorded for these options.

NOTE 6: SUBSEQUENT EVENTS

Clean Coal has entered into a contract with SAIC to immediately start testing 500 lbs of Indonesian coal on behalf of Clean Coal’s Indian client. Once successfully completed, these tests will enable Clean Coal to submit a final technical and economical proposal to build a 5,000,000 ton-per-year plant in Indonesia.

Clean Coal made its first payment under a revised agreement with an advisor, triggering the advisor’s return of 500,000 shares of restricted Clean Coal stock. Upon receipt, Clean Coal cancelled those shares.

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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," " "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 energy at low costs 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-liquid technologies.

### Current or Pending Projects

Huamin Senior Fund Holding Group. On April 25, 2011, we signed an agreement with the Huamin Senior Fund Holding Group Co., Ltd. ("Huamin"), for our first technology license and royalty agreement to build an initial clean coal facility with a capacity of 1.5 million tons in China. Under the agreement, Huamin will obtain funding for all infrastructure development, coal assets, administration, and technical resources. Huamin will contract directly with our engineering consultant, SAIC Energy, Environment & Infrastructure, LLC, "SEE&I", (formerly Benham), a division of Science Applications International Corporation ("SAIC"), for the engineering design, procurement and construction of the new facility.

Under our agreement with Huamin, we will receive one-time license fees of $1,000,000 per million tons of production, and an ongoing royalty fee of a minimum of $1.00 for each ton of clean coal produced. Initial revenues will be $500,000 at the time of feasibility study approval, with an additional $500,000 ninety (90) days thereafter, and the final installment of $500,000 which will be payable ninety (90) days following Huamin's acceptance of the plant's production. Subject to the success of the initial phase, Huamin will commit to an incremental production capacity of 5.0 million tons per annum. As this is a license/royalty agreement (as compared to a joint venture agreement), Huamin anticipates an accelerated approval process which should not exceed six months, particularly as the majority of the government requirements have previously been developed and accepted for our Inner Mongolia project.

Sino-Mongolia International Railroad Systems. On April 23, 2011, the existing Cooperative Joint Venture agreement with the Sino-Mongolia International Railroad Systems, Co. Ltd. of Inner Mongolia Autonomous Region, PRC (SMIRSC), was terminated. Following the transition of all permits and license agreements to a 100% wholly-owned local entity, (Inner Mongolia Nuomenhan Clean Coal Co., Ltd.,) the project will now move forward under a Technology Licensing and Royalty agreement. The primary reason for this change was that we would no longer be faced with large capital obligations, and the challenges of managing a foreign entity that would imply a need to deploy our resources and staff into China.

License agreements also provide for up-front revenue, with an extended back-end royalty stream based on increasing production commitments under the TLA.

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Concurrently with our decision to transition to a TLA, our previous CJV partner sold some 90% of his investment company to an individual, which by default becomes the principal owner of the new local entity, Sino-Mongolia International Investment Co., and our client. Sino Mongolia International Investment Co., now becomes a majority-owned subsidiary of a new holding company.

We are currently working through a number of complex legal, administrative and documentation issues associated with the acquisition of Sino-Mongolia International Investment Co., and the transition of previously approved permits, etc. We have received excellent support from the U.S. Commerce Department in China and in Florida in this matter, and hope to complete the TLA agreement by the 4th quarter, 2011. The primary consideration for both parties is to avoid compromising the existing permits, license and lease agreements that have taken nearly 2 years to achieve.

Suspended Projects

INK Global Consulting. On December 18, 2009, we signed an exclusive Technology Licensing Agreement (TLA) with INK Global Consulting for the deployment of our technology in India. The TLA provided for the funding and construction of clean coal facilities for an increasing production capacity of 100 million tons annually, over a ten year period. Whereas the initial license fee was payable as of the end of January 2010, the parties determined that the business model originally contemplated between us and INK Global Consulting under the exclusive Technology Licensing Agreement was inappropriate, and consequently we cancelled the agreement effective May 8, 2010. Our subsequent business development activities in India are now primarily focused through MMB, with whom we signed a consulting agreement in August 2010 to provide strategic services.

Tianjin Tianning Coal Traders. On February 11, 2010, we signed a Memorandum of Understanding (MOU) (Framework Agreement) under which Tianjin Tianning Coal Traders, Co., Ltd.; (TTCT) would finance and construct an initial 1.5 million ton clean coal facility in Inner Mongolia under a Technology Licensing Agreement (TLA). The MOU provided for us to receive the initial TLA fee of $1.0 million dollars in three tranches, i.e. 30% payable on the delivery of the government mandated Feasibility Study, a further 30% payable six months after the delivery of the Feasibility Study, and the final 40% within 3 months of the commencement of the initial clean coal production. Additionally, we were to receive a royalty of $2.00 per ton of all finished product produced, excluding that produced for testing and qualification. At this time we have suspended this opportunity pending Tianjin's securing and developing the necessary coal assets to justify our continued participation and joint collaboration.

Consultant Activities

MMB Global Advisors has been involved in conducting due diligence on a potential partner in Kentucky, and through its associates, continues to look for commercial opportunities in India, China, Indonesia and Mongolia. Through the joint cooperation of MMB and INK Global, we are in discussions with a potential partner that needs to upgrade an estimated 6,000,000 tons of coal per year to supply two new power plants in India which are scheduled to be commissioned in 2014. We are also in discussions with a company in the Philippines that owns a coal mine and two power plants outside Manila. MBA, Inc., a Tennessee-based consulting group, is continuing discussions with a large Tennessee utility as well as several South West utility companies that have expressed interest in deploying our technology.

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.

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Results of Operations

The following information should be read in conjunction with the financial statements and notes appearing elsewhere in this Report. We are a development stage company and have had no revenues from inception to date. We are presently in preliminary discussions with China, U.S. and India interests to license our technology, which, if successful, would realize short term revenue opportunities. However, no agreements have been negotiated or executed and we cannot predict when or if any agreements will be completed.

For the Three and Six Months Ended June 30, 2011 and June 30, 2010

Revenues

We have generated no revenues for the six months ended June 30, 2011 and the same period in 2010 and do not anticipate initial license revenues until approximately the third or fourth quarter, 2011, as stated above, and do not expect to receive any significant royalty fees for approximately 24 months thereafter.

Operating Expenses

Our operating expenses for the three and six months ended June 30, 2011 totaled $960,010 and $1,674,624, respectively, compared to $2,574,866 and $7,708,336 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. The significant decrease in compensation expense for the 2011 fiscal period is due to the differences in share price and the number of shares issued.

We recorded stock-based compensation to our CEO and President of $146,274 and $290,941 respectively for the three and six months ended June 30, 2011, compared to $1,891,721 and $3,764,321, respectively to our former CEO and President for the same period in the prior year. In addition, during the three and six months ended June 30, 2011, we issued 450,000 shares to Davis Family Investments, an unrelated third party consultant, for public relations services valued at $11,655, issued 7,500,000 shares to CJ Douglas, a related business consultant valued at $194,250 for compensation, issued 2,000,000 shares to our Advisor to the Board of Directors, Ignacio Ponce de Leon, as a bonus valued at $51,800, issued 1,000,000 shares to Cooper Global Communications for Investor Relation services valued at $26,400, issued 60,000 to Russ Schleipman for consulting services valued $1,920, issued 5,333,333 common shares to MMB Global Advisors for consulting services valued at $161,200, issued 4,000,000 shares to Ignacio Ponce de Leon for service as our Chief Operating Officer valued at $152,000 and issued 1,000,000 shares to Al Knapp for consulting services valued at $17,000. In addition, on April 1, 2011 we entered into an employment agreement with Ignacio Ponce De Leon as Chief Operating Officer. Under the employment agreement, we awarded a stock bonus of 2,000,000 common shares which vests on January 1, 2012. A total of $24,873 was recognized as share-based compensation under this award for the three and six months ended June 30, 2011.

Other than the expense recorded for stock compensation during three and six months ended June 30, 2011, operating expenses consisted of $346,161 and $458,211 respectively in general and administrative expenses. In the same periods in 2010, our operating expenses included $589,179 and $698,180, respectively in general and administrative expenses.

All Board of Directors' cash fees have been accrued as of this date. Our CEO and President, Robin Eves, our Chief Operations Officer, Ignacio Ponce de Leon, and our former Senior Managing Director, Doug Hague, are not compensated for their participation on our Board.

Our CEO and President, Robin Eves has an employment agreement that provides for 14,000,000 restricted shares to be issued at contract signing, with a further 14,000,000 shares to be issued after a period of eighteen months, or following a significant contribution to the Company, as determined at the discretion of the Board of Directors. Our Chief Operations Officer, Ignacio Ponce de Leon's employment agreement which was effective April 1, 2011, provides for 4,000,000 restricted shares to be issued at contract signing with a further 2,000,000 restricted shares to be exercised after January 1, 2012, predicated on the future availability of the additional treasury shares required to meet this obligation.

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Effective August 12, 2010, we entered into a fifteen month strategic financial and consulting agreement with MMB Global Advisors, an energy-related consulting firm with expertise in various emerging markets. Under the terms of the agreement, MMB will be awarded 12,000,000 restricted shares at time of contract signing, with the balance of 15,000,000 being payable over the term of the contract (1 million shares per month), or following a significant contribution to the Company, as determined at the discretion of the Board of Directors. With resources in India, China, Hong Kong, and the USA, MMB is assisting us in analyzing various corporate restructuring alternatives, and analyzing potential financial transactions according to the terms and conditions of our agreement. In this regard, MMB has undertaken certain activities on our behalf, including the following:

a) Leveraging experience and relationships in the financial community and energy industries for our benefit;
b) suggesting and analyzing various corporate restructuring alternatives;
c) analyzing cost/benefit analysis of various strategic partnerships;
d) analyzing our strategic business model for optimum commercialization of our technology;
e) counseling us as to strategy and tactics for effecting a potential business combination or business transaction;
f) advising us as to the most advantageous structure and form of such a possible business combination or business transaction, including the form of any agreements related thereto;
g) assisting us in obtaining appropriate information and in preparing due diligence presentations related to potential business combinations or business transactions;
h) assisting us in securing a carbon credit certification, if applicable;
i) introducing us to strategic partners, clients, government entities, certifying agencies, distributors, and licensees, as may be appropriate;
j) assisting us in creating financial models and joint venture structures; and
k) assisting us in negotiations related to a potential business combination or business transaction, as may be appropriate.

Effective June 1, 2010, we agreed with MMB to amend the Advisory Agreement with MMB to reflect a reduction of four million shares. This Amendment reduced the total number of 27,000,000 shares originally contemplated by this Agreement (27,000,000), to 23,000,000 shares. The residual balance of the 2,000,000 unvested shares outstanding at June 1, 2010 will be equally apportioned over the remaining months of the Agreement as earned.

Effective September 1, 2010, we appointed Ignacio Ponce de Leon as our Exclusive Representative for Latin America, in addition to his prior appointment as Senior Economic Advisor to our Board of Directors, which was effective August 25, 2010. During 2011, Mr. Ponce de Leon received a one-time compensation fee of 2,000,000 restricted shares for each of these appointments for a total of 4,000,000 shares.

Employees

As of June 30, 2011, Douglas Hague, Senior Managing Director resigned from the Company and the Board of Directors as part of a previously planned transition. Mr. Hague will continue to provide assistance to us, especially in our ongoing development of the China market. Ignacio Ponce de Leon, former Senior Advisor to our Board of Directors, accepted the position of Chief Operations Officer, and was also appointed as a director. A copy of Mr. Ponce de Leon’s employment agreement is included as an exhibit to this Report.

As of June 30, 2011, 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. Effective August, 2010, the Board of Directors appointed Dr. Mitch Shapiro to serve as the Company’s Secretary for which he will receive no additional compensation, other than that paid as a Director. Our administrative employee is at-will.

Messrs. Eves, Ponce de Leon and Hague 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 $17,000 per month. Prior to the appointment of Cooper Global Communications as our investor relations firm, Mr. Douglas had provided this function to the Company.

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The terms of the agreements described above were negotiated by and between the individuals and our Board of Directors based on the qualifications and requirements of each individual and the needs of the company; however, the negotiations may not be deemed to have been at arm's length.

Net Income/Loss

For the three and six months ended June 30, 2011 we experienced net losses of $975,674 and $1,709,095, respectively, and $2,626,773 and $7,785,548, respectively for the same periods for the prior year. For the three and six months ended June 30, 2011 we incurred losses from operations of $960,010 and $1,674,624, respectively, and $2,574,866 and $7,708,336 for the three and six month periods ended June 30, 2010, respectively. We incurred interest expense of $15,664 and $34,471, respectively, for the three and six month periods ended June 30, 2011, and $51,907 and $78,202 for the three and six month periods ended June 30, 2010, respectively.

We anticipate losses from operations will increase during the next twelve months due to 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.

Liquidity and Capital Resources

We have generated no revenues since inception, nor have we generated any funding through any form of private or public offering. We have obtained cash for operating expenses solely through advances and/or loans from affiliates and stockholders, and a single stock sale totaling $80,000. Licensing payments will commence from the Huamin contract with $500,000 payable upon completion of the feasibility study, a further $500,000 three weeks after the first payment and a final payment of $500,000 on completion of the plant. Thereafter royalty payments based upon the output of the coal will be on a quarterly basis. Upon the restructuring of the existing Inner Mongolia contract with the new owners of the Sino-Mongolian International Investment Co. Ltd., the Company could receive additional revenues of $1.5 million within the next 60-90 days as the feasibility study, land leases and all permits are already in place. The Inner Mongolia TLA calls for the immediate payment of $1.5 million within 15 days of the signing of the TLA which is currently anticipated to occur in early September 2011.

Net Cash Used in Operating Activities. Our primary sources of operating cash during the three and six months ended June 30, 2011, was advances from related parties. The advances are unsecured, due on demand and bear no interest. Our primary uses of funds in operations were payments made to our consultants and employees, as well as travel and office expenses.

Net cash used in operating activities was $218,406 for the six months ended June 30, 2011 compared to net cash used of $210,374 for the same period in 2010. Non-cash items in 2011 included shares issued for services valued at $932,039 and depreciation expense of $102. During the six months ended June 30, 2011, we experienced an increase in accounts payable of $64,239, an increase in related party payables of $456,550 and an increase in accrued liabilities of $37,759. Net cash used in operating activities from inception through June 30, 2011 totaled $2,546,611.

Net Cash Used In Investing Activities. We did not engage in investing activities for the three and six months ended June 30, 2011, or 2010. From inception through June 30, 2011, net cash used in investing activities totaled $11,339 for the purchase of fixed assets and investment in joint venture.

Net Cash Provided by Financing Activities. Net cash provided by financing activities during the six months ended June 30, 2011 totaled $222,955 consisting of borrowings on debt of $2,300 and advances from related parties of

$220,655. Financing activities for the six months ended June 30, 2010 consisted of borrowings on related party debt of $170,000, payments on related party debt of $3,000 and borrowings on debt of $35,000. From inception through June 30, 2011, net cash provided by financing activities totaled $2,567,945 due to loans and advances from related and third parties and cash received for the sale of common stock.

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Cash Position and Outstanding Indebtedness

Our total indebtedness at June 30, 2011 was $2,061,021, consisting of current liabilities of $2,061,021. Current liabilities consist primarily of accounts payable, accounts payable to related parties, advances from related parties, short-term debt, debt owed to related parties and accrued expenses. At June 30, 2011, we had current assets of $9,995 in cash. Our working capital deficit at June 30, 2011 was $2,051,025. We had property, plant and equipment (net of accumulated depreciation) of $433 at June 30, 2011.

Contractual Obligations and Commitments

The following table summarizes our contractual cash obligations and other commercial commitments at June 30, 2011.

| | Payments due by period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1 to 3 years | 3 to 5 years | After 5 years |
| Facility lease (1) | $ 20,295 | $ 20,295 | $ - | $ - | $ - |
| Facility lease (2) | 5,550 | 5,550 | - | - | - |
| SMIRSC contract (3) | - | - | - | - | - |
| Total contractual cash obligations | $ 25,845 | $ 25,845 | $ - | $ - | $ - |

(1) Our Coral Springs lease term runs until December 31, 2011, at a minimum monthly rate of $3,383 per month for approximately 1,450 square feet. It is not anticipated that this lease will be renewed upon the expiry date at the end of 2011.
(2) Our initial New York lease runs until June 30, 2011, however, is expected to be extended at the current rate of $1,850 per month.
(3) In December 2008, we signed a JV agreement with SMIRSC that requires us to make an initial payment of $1,670,000 for our initial registered capital contribution with a balance of $6,660,000 payable within 24 months. As of April 23, 2011, we were successful in terminating the original Cooperative Joint Venture agreement and will move forward under a Technology Licensing and Royalty agreement – Therefore the initial capital contribution totaling $8,330,000 is no longer required.

Sino-Mongolian Railroad Systems. On October 26, 2010 we received the project’s final approval from the Chinese Government after the completion and acceptance of a myriad of environmental impact, health and safety, land use, and human resources studies required by the Chinese government. Subsequent to the award of our permits, we have been unable to validate that our majority partner, Sino-Mongolia Railroad Systems, will be able to fully comply with its contractual obligations, and are seeking verification of key elements of its business plan including verification of financial commitments, staffing, coal sourcing, material transport, and supply and off-take agreements.

On April 23, 2011, the existing Cooperative Joint Venture agreement with the Sino-Mongolia International Railroad Systems, Co. Ltd. of Inner Mongolia Autonomous Region, PRC (SMIRSC), was terminated. Following the transition of all permits and license agreements to a 100% wholly-owned local entity, (Inner Mongolia Nuomenhan Clean Coal Co., Ltd.,) the project will now move forward under a Technology Licensing and Royalty agreement. The primary reason for this change was that we would no longer be faced with large capital obligations, and the challenges of managing a foreign entity that would imply a need to deploy our resources and staff into China.

License agreements also provide for up-front revenue, with an extended back-end royalty stream based on increasing production commitments under the TLA. License agreements also provide for up-front revenue, with an extended back-end royalty stream based on increasing production commitments under the TLA. Concurrently with our decision

to transition to a TLA, our previous CJV partner sold some 90% of his investment company to an individual, which by default becomes the principal owner of the new local entity, Sino-Mongolia International Investment Co., and our client. Sino Mongolia International Investment Co., now becomes a majority-owned subsidiary of a new holding company.

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We are is currently working through a number of complex legal, administrative and documentation issues associated with the acquisition of Sino-Mongolia International Investment Co., and the transition of previously approved permits, etc. We have received excellent support from the US Commerce Department in China and in Florida in this matter, and hope to complete the TLA agreement by the 4th quarter, 2011. The primary consideration for both parties is to avoid compromising the existing permits, license and lease agreements that have taken nearly 2 years to achieve.

SAIC Energy Environment & Infrastructure (SEE&I). Our engineering consultant, SEE&I (formerly Benham) has tentatively estimated construction costs for each one million short ton coal cleaning facility of approximately $250 million (excluding land costs). We are in discussions with several interested parties who may fund some or all of the estimated costs but have no definitive agreements in place. 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 the Chinese or other 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 they are deployed in non-competitive projects.

We expect we will need $2,657,992 to sustain operations for the next twelve months. Therefore, based on our current operational costs and including the capital requirements for our project deployments, we estimate we will need a total of approximately $2,470,636 to fund the Company for the balance of 2011 and an additional $4,678,848 to continue for the following fiscal year (2012) or until the initial plant is up and running. At this filing date, we do not have commitments for funding but intend to seek sufficient debt or equity funding to meet both our capital contribution deadlines and funding sufficient for our operations. 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 June 30, 2011, 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., and our former Senior Managing Director, Douglas Hague, in addition to shareholder Larry Hunt and consultant CJ Douglas, were named as co-defendants in a lawsuit filed by a shareholder in the 15th Judicial Circuit Court in and for West Palm Beach County, Florida, Case No. 50 2010CA 028706XXXX MB on or about November 24, 2010. Plaintiff has not made a specific demand for damages; however, plaintiff has made a general demand for damages in order to meet the Court's jurisdictional limits, which is a standard disclosure. We vigorously defended this action that the Company and its attorneys regard as absolutely frivolous, baseless and without merit. On January 24, 2011 attorneys for the plaintiff agreed to the entry of an order dismissing their lawsuit, without prejudice, allowing them twenty days to file an Amended Complaint. Attorneys for the plaintiff filed an Amended Complaint on February 22, 2011 under the same case number. We will continue to vigorously defend the action and we do not believe that the action will be materially adverse to the company. Our attorneys have put the plaintiff's counsel on notice of our intent to seek sanctions against both the plaintiff, and the plaintiff's counsel pursuant to Florida Statute Sec.57.105. Further, we have moved to dismiss the action on the basis that the Plaintiff has procedurally, factually, and legally failed to state a cause of action up which relief can be granted. In the event that this case should be advanced, we believe that we have meritorious defenses to all claims; however, an adverse decision would materially and adversely impact us.

ITEM 1A. RISK FACTORS

We have no operating revenues yet and we have made no provision for any contingency, unexpected expenses or increases in costs that may arise.

We are a development stage company and have no revenues from operations, neither has the Company generated any funding through any form of private or public offering to use for operating expenses or research and development. Since inception, we have been able to cover our operating losses from debt and equity financing. These sources of funds may not be available to cover future operating losses. If we are not able to obtain adequate sources of funds to operate our business we may not be able to continue as a going concern.

Our business strategy and plans could be adversely affected in the event we need additional financing and are unable to obtain such funding when needed. It is possible that our available funds may not be sufficient to meet our operating expenses, development plans, and capital expenditures for the next twelve months. Insufficient funds may prevent us from implementing our business strategy or may require us to delay, scale back or eliminate certain opportunities for the commercialization of our technology. If we cannot obtain necessary funding, then we may be forced to cease operations.

We may experience delays in resolving unexpected technical issues arising in completing development of new technology that will increase development costs and postpone anticipated sales and revenues.

As we develop, refine and implement our technology, we may have to solve technical, manufacturing and/or equipment-related issues. Some of these issues are ones that we cannot anticipate because the technology we are developing is new. If we must revise existing manufacturing processes or order specialized equipment to address a particular issue, we may not meet our projected timetable for bringing commercial operations on line. Such delays may interfere with our projected operating schedules, delay our receipt of licensing and royalty revenues from operations and decrease royalties from operations.

Because we have limited experience, we may be unable to successfully manage planned growth as we complete the transition from a technology development company to a licensing company.

We have limited experience in the commercial marketing arena, limited sales and marketing experience, and limited staff and support systems, especially compared to other competitors in the energy industry. In order to become profitable through the commercialization of our technology, it must be cost-effective and economical to implement on a commercial scale. Furthermore, if our technology does not achieve, or if it is unable to maintain, market acceptance or regulatory approval, we may not be profitable.

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Our success depends, in part, on our ability to license and market our technology effectively. We have limited marketing and sales capabilities. Although we may hire consultants to assist us in this transition period, we may not correctly ascertain or assess any and all risks inherent in the industry. We may not be successful in entering into new licensing arrangements, engaging independent sales representatives or partners, or recruiting, training and retaining an internal marketing staff and sales force, if necessary. If we are unable to meet the challenges posed by our planned licensing and sales growth, our business may fail.

The market in which we are attempting to sell our technology is highly competitive.

The market for our technology is highly competitive on a global basis, with a number of competitors having significantly greater resources and more established market penetration than us. Because of greater resources and more widely accepted brand names, many of our competitors may be able to adapt more quickly to changes in the markets we have targeted or devote greater resources to the development and sale of new technology products. Our ability to compete is dependent on our emerging technology which may take some time to develop market acceptance. To improve our competitive position, we may need to make significant ongoing investments in service and support, marketing, sales, research and development and intellectual property protection. We may not have sufficient resources to continue to make such investments or to secure a competitive position within the market we target.

Our business depends on the protection of our patents and other intellectual property and may suffer if we are unable to adequately protect such intellectual property.

Our success and ability to compete are substantially dependent upon our intellectual property. We rely on patent laws, trade secret protection and confidentiality or license agreements with our employees, consultants, strategic partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate. There are events that are outside of our control that pose a threat to our intellectual property rights as well as to our products and services. For example, effective intellectual property protection may not be available in every country in which we license our technology. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any impairment of our intellectual property rights could harm our business and our ability to compete. Also, protecting our intellectual property rights is costly and time consuming. Any increase in the unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results. In addition, other parties may independently develop similar or competing technologies designed around any patents that may be issued to us.

We have been granted one U.S. patent and have several U.S. patent applications pending relating to certain aspects of our technology and we may seek additional patents on future innovations. Our ability to license our technology is substantially dependent on the validity and enforcement of these patents and patents pending. We cannot assure you that our patents will not be invalidated, circumvented or challenged, that patents will be issued for our patents pending, that the rights granted under the patents will provide us competitive advantages or that our current and future patent applications will be granted.

Third parties may invalidate our patents.

Third parties may seek to challenge, invalidate, circumvent or render unenforceable any patents or proprietary rights owned by or licensed to us based on, among other things:

- subsequently discovered prior art;
- lack of entitlement to the priority of an earlier, related application; or

- failure to comply with the written description, best mode, enablement or other applicable requirements.

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United States patent law requires that a patent must disclose the “best mode” of creating and using the invention covered by a patent. If the inventor of a patent knows of a better way, or “best mode,” to create the invention and fails to disclose it, that failure could result in the loss of patent rights. Our decision to protect certain elements of our proprietary technologies as trade secrets and to not disclose such technologies in patent applications, may serve as a basis for third parties to challenge and ultimately invalidate certain of our related patents based on a failure to disclose the best mode of creating and using the invention claimed in the applicable patent. If a third party is successful in challenging the validity of our patents, our inability to enforce our intellectual property rights could seriously harm our business.

We may be liable for infringing the intellectual property rights of others.

Our technology may be the subject of claims of intellectual property infringement in the future. Our technology may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle, could divert resources and attention and could require us to obtain a license to use the intellectual property of third parties. We may be unable to obtain licenses from these third parties on favorable terms, if at all. Even if a license is available, we may have to pay substantial royalties to obtain it. If we cannot defend such claims or obtain necessary licenses on reasonable terms, we may be precluded from offering most or all of technology and our business and results of operations will be adversely affected.

Our ability to execute our business plan would be harmed if we are unable to retain or attract key personnel.

Our technology is being marketed by a small number of the members of our management. Our technology is being developed and refined by a small number of technical consultants. Our future success depends, to a significant extent, upon our ability to retain and attract the services of these and other key personnel. The loss of the services of one or more members of our management team or our technical consultants could hinder our ability to effectively manage our business and implement our growth strategies. Finding suitable replacements could be difficult, and competition for such personnel of similar experience is intense. We do not carry key person insurance for our officers.

Overseas development of our business is subject to international risks, which could adversely affect our ability to license profitable overseas plants.

We believe a significant portion of the growth opportunity for our business lies outside the United States. Doing business in foreign countries may expose us to many risks that are not present domestically. We lack significant experience in dealing with such risks, including political, military, privatization, technology piracy, currency exchange and repatriation risks, and higher credit risks associated with customers. In addition, it may be more difficult for us to enforce legal obligations in foreign countries, and we may be at a disadvantage in any legal proceeding within the local jurisdiction. Local laws may also limit our ability to hold a majority interest in the projects that we develop. The Company has yet to establish any representation offices outside the United States.

We do not know if coal processed using our technology is commercially viable.

We do not yet know whether coal processed using our technology can be produced and sold on a commercial basis in a cost effective manner after taking into account the cost of the feedstock, processing costs, license and royalty fees and the costs of transportation. Because we have not experienced any full scale commercial operations, we have not yet developed a guaranteed efficient cost structure. We are currently using the estimates for anticipated pricing and costs, as well as the qualities of the coal processed in the laboratory setting to make such estimates. We may experience technical problems that could make the processed coal more expensive than anticipated. Failure to address both known and unforeseen technical challenges may materially and adversely affect our business, results of operations and financial condition.

We have experienced large net losses, have little liquidity and need to obtain funds for operations or we may not be able to continue.

We have incurred net losses of $170,024,945 since inception. The net losses to date include large non-cash expenses recorded for share-based compensation for consultants and officer compensation. However, in addition to the non-cash expenses, we had other operating expenses, all funded through loans from existing shareholders. In order to meet our current operating budget and anticipated contractual obligations, we estimate that we will need an additional $2,470,636 for the balance of 2011, and $4,678,848 for 2012, based on our current contractual obligations. At June 30, 2011, we had total liabilities of $2,061,020 and cash of only $9,995. If we cannot obtain adequate financing from new funding sources, we will be unable to continue operations or meet our contractual obligations.

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Our use of equity as an alternative to cash compensation may cause excessive dilution for our current shareholders.

Due to shortage of operating funds and low liquidity, we have issued shares and warrants as compensation for services, including board and officer compensation as well as compensation for outside consultants and other services. This form of compensation has enabled us to obtain services that would not otherwise have been available to us but it has resulted in dilution to our shareholders. Unless we are able to obtain adequate financing in the immediate future, we may be forced to continue to obtain services through the issuance of shares and warrants, resulting in additional dilution to shareholders and potentially adversely affecting any return on investment. The issuance of shares for services has consumed the majority of our previously un-issued shares, and may require us to ask our shareholders to approve an increase of our authorized shares in the near future.

Any negative results from the continuing evaluation of our technology or processed coal produced at future facility sites could have a material adverse effect on the marketability of our technology and future prospects.

We are continuing to evaluate the attributes of coal processed using our technology on a laboratory scale. We do not know if these evaluations will result in positive findings concerning the moisture content, heat value, emission-levels, burn qualities or other aspects of our processed coal. Furthermore, even if current evaluations indicate that our processed coal performs to design specifications, we do not know if later tests or larger scale processing will confirm these current results or that the processed coal will be readily accepted by the market. The process of introducing our technology into the market may be further delayed if these test results are negative or if potential licensees conduct their own tests of the processed coal to determine whether it meets their individual requirements and the results are not acceptable. We have conducted numerous tests of our technology using a variety of feed stocks in our laboratories. The ability to use feed stocks from other locations in the United States or overseas will depend on the results of future tests on different types of coal. If these tests limit the range of viable low-grade coal feed stocks for use in our process, site locations for future plants may be limited and the commercial appeal of the process may be less than anticipated. If this continuing process of evaluation and market introduction results in negative findings concerning our process, it could have a material adverse effect on the marketability of our technology and on our financial condition, results of operations and future prospects.

Due to the uncertain commercial acceptance of coal processed using our technology we may not be able to realize significant licensing revenues.

While we believe that a commercial market is developing both domestically and internationally for cleaner coal products such as coal processed using our technology, we may face the following risks due to the developing market for cleaner coal technology:

- limited pricing information;
- changes in the price differential between low- and high-BTU coal;
- unknown costs and methods of transportation to bring processed coal to market;
- alternative fuel supplies available at a lower price;
- the cost and availability of emissions-reducing equipment or competing technologies; failure of governments to implement and enforce new environmental standards; and
- a decline in energy prices which could make processed coal less price competitive.

If we are unable to develop markets for our processed coal, our ability to generate revenues and profits will be negatively impacted.

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If we are unable to successfully construct and commercialize production plants, our ability to generate profits from our technology will be impaired.

Our future success depends on our ability to secure partners to locate, develop and construct future commercial production plants and operate them at a profit. A number of different variables, risks and uncertainties affect such commercialization including:

- the complex, lengthy and costly regulatory permit and approval process;
- local opposition to development of projects, which can increase cost and delay timelines;
- increases in construction costs such as for contractors, workers and raw materials; - transportation costs and availability of transportation;
- the inability to acquire adequate amounts of low rank feedstock coal at forecasted prices to meet projected goals;
- availability of suitable consumers of chemical by-product produced by our process;
- engineering, operational and technical difficulties; and - possible price fluctuations of low-Btu coal which could impact profitability.

If we are unable to successfully address these risks, our results from operations, financial condition and cash flows may be adversely affected.

Future changes in the law may adversely affect our ability to sell our products and services.

A significant factor in expanding the potential U.S. market for coal processed using our technology is the numerous federal, state and local environmental regulations, which provide various air emission requirements for power generating facilities and industrial coal users. We believe that the use of clean-burning fuel technologies such as ours will help utility companies comply with the air emission regulations and limitations. However, we are unable to predict future regulatory changes and their impact on the demand for our technology. While more stringent laws and regulations, including mercury emission standards, limits on sulfur dioxide emissions and nitrogen oxide emissions, may increase demand for our technology, such regulations may result in reduced coal use and increased reliance on alternative fuel sources. Similarly, amendments to the numerous federal and state environmental regulations that relax emission limitations would have a material adverse effect on our prospects.

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

There were no sales of unregistered securities for the three months or six months ended June 30, 2011, and there were no sales of unregistered securities for the three months or six months ended June 30, 2010. There was a single sale of securities to the Company's then Consultant to the Board of Directors, Ignacio Ponce De Leon, a related party, on November 9, 2010, for 2,000,000 shares at the price of $0.04 per share for a total of $80,000.

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 transactions were issuances for services performed, the transactions were all privately negotiated and none involved any kind of public solicitation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. RESERVED

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ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

| EXHIBIT NO. | DESCRIPTION |
|---|---|
| 10.2 | CHIEF OPERATIONS OFFICER, IGNACIO PONCE DE LEON EMPLOYMENT AGREEMENT, EFFECTIVE APRIL 1, 2011. |
| 10.3 | REVISED RETENTION AGREEMENT – COOPERS GLOBAL COMMUNICATIONS LLC, DATED JUNE 8, 2011. |
| 10.4 | MMB ADVISORS AGREEMENT AMENDMENT EFFECTIVE JUNE 1, 2011 |
| 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: August 2, 2011 | By: | /s/ Robin Eves<br>Robin Eves<br>President, CEO, and Acting Chief Financial Officer |