

Clean Coal Technologies Inc.
Form 8-K
June 08, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 8, 2015 (June 5, 2015)

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

NEVADA
(State or other jurisdiction
of incorporation)

000-50053
(Commission File Number)

26-1079442
(IRS Employer Identification
No.)

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

10017
(Zip Code)

Registrant's telephone number, including area code: (646) 727-4847

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On June 5, 2015, Clean Coal Technologies, Inc. (the “Company”) entered into a third promissory note (the “Third Note”) with CCTC Acquisition Partners LLC, an entity affiliated with and managed by Black Diamond Financial Group LLC (“Lender”), for the principal amount of \$500,000. The Third Note is for a term of up to six months and has an interest rate of 1.2% per month. The amount borrowed under the Third Note is the third of three advances contemplated by the first promissory note entered into by the Company with Lender on May 12, 2015 (“Initial Note”) and the second promissory note entered into by the Company with the Lender on May 22, 2015 (“Second Note” and together with the Initial Note, the “Prior Notes”).

The amounts borrowed under the Third Note will be used by the Company toward the continued fabrication of its demonstration plant based in Tulsa, Oklahoma (“Demonstration Plant”). The Third Note contemplates that additional advances may occur, subject to Lender’s sole discretion to advance such funds to the Company. The Company, however, anticipates that the funds received from the Prior Notes and the Third Note will provide the necessary funding to complete the fabrication of the Demonstration Plant.

The amounts borrowed under the Prior Notes and this Third Note are contemplated to be part of an interim step in connection with completing a more comprehensive financing transaction between the Company and Lender (the “Additional Financing”). The Additional Financing is subject to the Company, on the one hand, and Lender and its affiliate, Black Diamond Financial Group LLC, on the other, completing definitive documentation that will provide for the Additional Financing. The Company and Lender committed to negotiation such documentation in good faith to conclude any such Additional Financing by June 15, 2015 (“Additional Financing Transaction Date”). There is no assurance that the Company and Lender will come to an agreement with respect to the Additional Financing or if the parties do come to such an agreement that the terms of such financing will be favorable to the Company.

The Third Note is convertible upon consummation of the Additional Financing with the then outstanding principal and accrued interest thereon automatically converting into new convertible notes (“New Notes”) that will have an annual interest rate of 12% and such New Notes will be issued at 91% of par value or \$910 per \$1,000.00. The face amount (\$1,000.00) of each New Note will be convertible into units of the Company which shall be comprised of (i) one common share of the Company and (ii) one three-year share purchase warrant for a common share at a strike price of \$0.10 per share.

The amounts borrowed by the Company under the Third Note and the Prior Notes are secured with a first lien priority security interest in the Company’s equipment and its Demonstration Plant, and, as a result of the funding by this Third Note, these amounts are also secured by a first priority security interest in and to the Company’s intellectual property (the “IP Security Interest”). However, in the event that the Lender elects not to go forward with the Additional Financing transaction, the Lender will agree to subordinate its IP Security Interest in an amount up to \$10.0 million.

The outstanding principal and any accrued interest due under the Third Note may be accelerated by Lender to become due and payable by the Company upon an event of default occurring. An event of default will be deemed to have occurred if (i) the Company fails to make timely payments under the Third Note within five days of the due date, (ii) the Company fails to perform or observe material provisions of the Third Note and such failure continues for 15 days after written notice by Lender; or (iii) the Company makes an assignment for the benefit of a creditor, files a petition or makes an application to any tribunal for the appointment of a custodian, trustee, receiver or liquidator, or commences any proceeding relating to the Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction (“Insolvency Proceeding”), or an involuntary petition or application is made relating to an Insolvency Proceeding.

In the event that the Company and Lender do not complete the Additional Financing by the Additional Financing Transaction Date due to the Company consummating a financing transaction with an unaffiliated third party (“Termination Event”), then Lender shall have the right to, upon written notice, accelerate the payment by the Company of the principal and accrued interest due under the Third Note (“Acceleration Payment”).

This current report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall such securities be offered or sold in the United States absent registration or an applicable exemption from the registration requirements and certificates evidencing such shares contain a legend stating the same.

The summary of the terms of the Third Note in this Current Report on Form 8-K is qualified by reference to the Third Note, which is attached hereto as Exhibit 10.1.

Item 2.03 Creation of a Direct Financial Obligation or and Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On June 5, 2015, the Company entered into the Third Note with Lender, which provided the Company with gross proceeds of \$500,000. The Third Note is for a term of up to six months with an interest rate of 1.2% per month and is secured by a first priority security interest in the Company's equipment and the Demonstration Plant, as well as there being the IP Security Interest. The additional terms, conditions, and other provisions of the Third Note are described in Item 1.01 of this Current Report on Form 8-K and incorporated into this Item. In addition, the summary of the terms of the Third Note is qualified by reference to the Third Note, which is attached hereto as Exhibit 10.1.

Item 3.02 Unregistered Sales of Equity Securities.

On June 5, 2015, the Company entered into the Third Note with Lender, which provided the Company with gross proceeds of \$500,000. The Third Note is convertible upon consummation of an Additional Financing transaction with the then outstanding principal and accrued interest thereon automatically converting into New Notes. The face amount (\$1,000.00) of each New Note will then be convertible into units of the Company which shall be comprised of (i) one common share of the Company and (ii) one three-year share purchase warrant for a common share at a strike price of \$0.10 per share. The additional terms, conditions, and other provisions of the Third Note are described in Item 1.01 of this Current Report on Form 8-K and incorporated into this Item.

The offer and sale of the Third Note was made in reliance on the private offering exemption from registration afforded under Section 4(2) of the Securities Act of 1933 and/or Rule 506 of Regulation D thereunder.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

10.1 Promissory Note, dated June 5, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunder duly authorized.

Dated: June 8, 2015

CLEAN COAL TECHNOLOGIES, INC.

By: /S/ Robin Eves
Robin Eves
Chief Executive Officer
