Bluefire Renewables, Inc.
Form 10-Q
May 16, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended:
March 31, 2016

OR

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

For the transition period from ____________ to ____________

Commission File No. 000-52361

BLUEFIRE RENEWABLES, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-4590982**
(State or other jurisdiction	(IRS Employer
of incorporation)	Identification No.)

31 Musick

Irvine, CA 92618

(Address of principal executive offices)

(949) 588-3767

(Registrant's telephone number, including area code)

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 past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes [X] 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 (Sec.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, or 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 [X]

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

As of May 16, 2016, there were 413,904,405 shares outstanding of the registrant's common stock.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

BLUEFIRE RENEWABLES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$3,066	$26,922
Prepaid expenses	3,977	9,291
Total current assets	7,043	36,213
Property, plant and equipment, net of accumulated depreciation of $108,172 and $107,897, respectively	109,109	109,384
Total assets	$116,152	$145,597
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$982,851	$899,887
Accrued liabilities	1,007,916	730,759
Notes payable	420,000	420,000
Line of credit, related party	69,230	45,230
Note payable to a related party	200,000	200,000
Outstanding warrant liability	-	199
Total current liabilities	2,679,997	2,296,075
Convertible notes payable, net of discount of $0 and $32,886, respectively	-	20,084
Derivative liability	-	290,092
Total liabilities	2,679,997	2,606,251
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interest	864,135	865,614

Stockholders' deficit:		
Preferred stock, no par value, 1,000,000 shares authorized; 51 and 51 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	-	-
Common stock, $0.001 par value; 500,000,000 shares authorized; 404,993,005 and 308,163,005 shares issued; and 404,960,833 and 308,130,833 outstanding, as of March 31, 2016 and December 31, 2015, respectively	404,994	308,163
Additional paid-in capital	17,076,951	16,967,128
Treasury stock at cost, 32,172 shares at March 31, 2016 and December 31, 2015	(101,581)	(101,581)
Accumulated deficit	(20,808,344)	(20,499,978)
Total stockholders' deficit	(3,427,980)	(3,326,268)
Total liabilities and stockholders' deficit	$116,152	$145,597

See accompanying notes to consolidated financial statements

BLUEFIRE RENEWABLES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the Three Months ended March 31, 2016	For the Three Months ended March 31, 2015
Revenues:		
Department of Energy grant revenue	$ -	$ 38,125
Total revenues	-	38,125
Cost of revenue	-	-
Gross margin	-	38,125
Operating expenses:		
Project development	100,297	210,844
General and administrative	297,561	211,041
Total operating expenses	397,858	421,885
Operating loss	(397,858)	(383,760)
Other income and (expense):		
Amortization of debt discount	(32,866)	(40,116)
Interest expense	(29,303)	(6,118)
Related party interest expense	(1,440)	(1,357)
Gain from change in fair value of warrant liability	199	13,216
Gain from change in fair value of derivative liability	151,576	-
Total other income and (expense)	88,166	(34,375)
Loss before income taxes	(309,692)	(418,135)
Provision for income taxes	153	-
Net loss	$ (309,845)	$ (418,135)
Net loss attributable to noncontrolling interest	(1,479)	(1,189)
Net loss attributable to controlling interest	$ (308,366)	$ (416,946)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Weighted average common shares outstanding, basic and diluted	355,159,944	237,195,186

See accompanying notes to consolidated financial statements

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BLUEFIRE RENEWABLES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Three Months Ended March 31, 2016	For the Three Months Ended March 31, 2015
Cash flows from operating activities:		
Net loss	$(309,845)	$(418,135)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain from change in the fair value of warrant liability	(199)	(13,216)
Gain from change in fair value of derivative liability	(151,576)	-
Amortization of debt discounts	32,866	40,116
Depreciation	275	255
Excess fair value of common stock issued for accrued interest	7,200	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	5,314	(70,101)
Accounts payable	82,966	136,179
Accrued liabilities	285,143	169,842
Net cash used in operating activities	(47,856)	(155,060)
Cash flows from financing activities:		
Proceeds from issuance of common stock	-	147,000
Proceeds from related party line of credit/notes payable	24,000	-
Net cash provided by financing activities	24,000	147,000
Net decrease in cash and cash equivalents	(23,856)	(8,060)
Cash and cash equivalents beginning of period	26,922	22,134
Cash and cash equivalents end of period	$3,066	$14,074
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$-	$1,368
Supplemental schedule of non-cash investing and financing activities:		
Conversion of convertible notes payable into common stock	$52,950	$-
Accrued interest converted to common stock	$7,700	$-
Derivative liability reclassed to additional paid-in capital	$139,303	$-

See accompanying notes to consolidated financial statements

BLUEFIRE RENEWABLES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND BUSINESS

BlueFire Ethanol, Inc. ("BlueFire" or the "Company") was incorporated in the state of Nevada on March 28, 2006. BlueFire was established to deploy the commercially ready and patented process for the conversion of cellulosic waste materials to ethanol ("Arkenol Technology") under a technology license agreement with Arkenol, Inc. ("Arkenol"). BlueFire's use of the Arkenol Technology positions it as a cellulose-to-ethanol company with demonstrated production of ethanol from urban trash (post-sorted "MSW"), rice and wheat straws, wood waste and other agricultural residues. The Company's goal is to develop and operate high-value carbohydrate-based transportation fuel production facilities in North America, and to provide professional services to such facilities worldwide. These "biorefineries" will convert widely available, inexpensive, organic materials such as agricultural residues, high-content biomass crops, wood residues, and cellulose from MSW into ethanol.

On September 30, 2015, the Company filed an amendment to the Company's articles of incorporation with the Secretary of State of the State of Nevada, which, among other things, established the designation, powers, rights, privileges, preferences and restrictions of the Series A Preferred Stock, no par value per share (the "Series A Preferred Stock"). Among other things, each one (1) share of the Series A Preferred Stock shall have voting rights equal to(x) 0.019607 multiplied by the total issued and outstanding shares of common stock of the Company eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator. For purposes of illustration only, if the total issued and outstanding shares of common stock of the Company eligible to vote at the time of the respective vote is 5,000,000, the voting rights of one share of the Series A Preferred Stock shall be equal to 102,036 (0.019607 x 5,000,000) / 0.49) – (0.019607 x 5,000,000) = 102,036).

The Series A Preferred Stock has no dividend rights, no liquidation rights and no redemption rights, and was created primarily to be able to obtain a quorum and conduct business at shareholder meetings. All shares of the Series A Preferred Stock shall rank (i) senior to the Company's common stock and any other class or series of capital stock of the Company hereafter created, (ii) pari passu with any class or series of capital stock of the Company hereafter created and specifically ranking, by its terms, on par with the Series A Preferred Stock and (iii) junior to any class or series of capital stock of the Company hereafter created specifically ranking, by its terms, senior to the Series A Preferred Stock, in each case as to distribution of assets upon liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The Company has incurred losses since Inception. Management has funded operations primarily through proceeds received in connection with the reverse merger, loans from its Chief Executive Officer, the private placement of the Company's common stock in December 2007 for net proceeds of approximately $14,500,000, the issuance of convertible notes with warrants in July and in August 2007, various convertible notes, and Department of Energy reimbursements from 2009 to 2015. The Company may encounter further difficulties in establishing operations due to the time frame of developing, constructing and ultimately operating the planned bio-refinery projects.

As of March 31, 2016, the Company has negative working capital of approximately $2,673,000. Management has estimated that operating expenses for the next 12 months will be approximately $1,450,000 excluding engineering costs related to the development of bio-refinery projects. These matters raise substantial doubt about the Company's ability to continue as a going concern. The Company intends to fund its operations with any additional funding that can be secured in the form of equity or debt. As of May 16, 2016, the Company expects the current resources available to them will only be sufficient for a period of approximately one month unless significant additional financing is received. Management has determined that the general expenditures must be reduced and additional capital will be required in the form of equity or debt securities. In addition, if we cannot raise additional short term capital we may consume all of our cash reserved for operations. There are no assurances that management will be able to raise capital on terms acceptable to the Company or at all. If we are unable to obtain sufficient amounts of additional capital, we may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. The financial statements do not include any adjustments that might result from these uncertainties.

Additionally, the Company’s engineering and design package for its Lancaster plant allows for almost immediate construction, upon receipt of funding and the renewal of its permits, and only requires minimal capital to maintain until funding is obtained for its construction. With no immediate funding sources in place, the Company sees this project on hold.

As of December 31, 2010, the Company completed the detailed engineering on our proposed Fulton Project (Note 3), procured all necessary permits for construction of the plant, and began site clearing and preparation work, signaling the beginning of construction. All site preparation activities have been completed, including clearing and grating of the site, building access roads, completing railroad tie-ins to connect the site to the rail system, and finalizing the layout plan to prepare for the site foundation. As of December 31, 2013, the construction-in-progress through such date was deemed impaired due to the discontinuance of future funding from the DOE further described in Note 3.

We estimate the total construction cost of the bio-refineries to be in the range of approximately $300 million for the Fulton Project and approximately $100 million to $125 million for the Lancaster Biorefinery. These cost approximations do not reflect any increase/decrease in raw materials or any fluctuation in construction cost that would be realized by the dynamic world metals markets or inflation of general costs of construction. The Company is currently in discussions with potential sources of financing for these facilities but no definitive agreements are in place. The Company cannot continue significant development or furtherance of the Fulton project until financing for the construction of the Fulton plant is obtained.

Risks and Uncertainties

The Company has a limited operating history and has not generated revenues from our planned principal operations.

The Company’s business and operations are very sensitive to general business and economic conditions in the U.S. and worldwide. Specifically, these conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets and the general price of crude oil and gasoline.

The risks related to the Company’s plans to sell engineering services are that the Company currently has no sales and limited marketing capabilities. The Company has limited experience in developing, training or managing a sales force and will incur substantial additional expenses if we decide to market any of our services. Developing a marketing and sales force is also time consuming and could delay launch of our future bio-ethanol plants. In addition, the Company will compete with other engineering companies that currently have extensive and well-funded marketing and sales operations. Our marketing and sales efforts may be unable to compete successfully against these companies. In addition, the Company has limited capital to devote sales and marketing.

The Company's business and industry is also subject to new innovations in technology. Significant technical changes can have an adverse effect on product lives. Design and development of new products and services are important elements to achieve profitability in the Company's industry segment. As a result, the Company's products may quickly become obsolete and unmarketable. The Company's future success will depend on its ability to adapt to technological advances, anticipate customer demands, develop new products and services and enhance our current products on a timely and cost-effective basis.

The Company's products must remain competitive with those of other companies with substantially greater resources. The Company may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, the Company may not be able to adapt new or enhanced products to emerging industry standards, and the Company's new products may not be favorably received. Nor may we have the capital resources to further the development of existing and/or new ones.

Lastly, the Company may be subject to federal, state and local environmental laws and regulations. The Company does not anticipate material expenditures to comply with such laws and does not believe that regulations will have a material impact on the Company's financial position, results of operations, or liquidity. The Company believes that its operations comply, in all material respects, with applicable federal, state, and local environmental laws and regulations.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements have been prepared by the Company pursuant to the rules and regulations of the United States Securities Exchange Commission. Certain information and disclosures normally included in the annual financial statements prepared in accordance with the accounting principles generally accepted in the Unites States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these consolidated financial statements have been included. Such adjustments consist of normal recurring adjustments. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2015. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for the full year.

Principles of Consolidation

The consolidated financial statements include the accounts of BlueFire Renewables, Inc., and its wholly-owned subsidiary, BlueFire Ethanol, Inc. BlueFire Ethanol Lancaster, LLC, BlueFire Fulton Renewable Energy LLC (excluding 1% interest sold) and SucreSource LLC are wholly-owned subsidiaries of BlueFire Ethanol, Inc. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could materially differ from those estimates.

Project Development

Project development costs are either expensed or capitalized. The costs of materials and equipment that will be acquired or constructed for project development activities, and that have alternative future uses, both in project development, marketing or sales, will be classified as property and equipment and depreciated over their estimated useful lives. To date, project development costs include the research and development expenses related to the Company's future cellulose-to-ethanol production facilities. During the three months ended March 31, 2016 and 2015,

research and development costs included in Project Development were approximately $100,000, and $211,000, respectively.

Convertible Debt

Convertible debt is accounted for under the guidelines established by Accounting Standards Codification ("ASC") 470-20 "Debt with Conversion and Other Options". ASC 470-20 governs the calculation of an embedded beneficial conversion, which is treated as an additional discount to the instruments where derivative accounting (explained below) does not apply. The amount of the value of warrants and beneficial conversion feature may reduce the carrying value of the instrument to zero, but no further. The discounts relating to the initial recording of the derivatives or beneficial conversion features are accreted over the term of the debt.

The Company calculates the fair value of warrants and conversion features issued with the convertible instruments using the Black-Scholes valuation method, using the same assumptions used for valuing employee options for purposes of ASC 718 "Compensation – Stock Compensation", except that the contractual life of the warrant or conversion feature is used. Under these guidelines, the Company allocates the value of the proceeds received from a convertible debt transaction between the conversion feature and any other detachable instruments (such as warrants) on a relative fair value basis. The allocated fair value is recorded as a debt discount or premium and is amortized over the expected term of the convertible debt to interest expense.

The Company accounts for modifications of its BCF's in accordance with ASC 470-50 "Modifications and Extinguishments". ASC 470-50 requires the modification of a convertible debt instrument that changes the fair value of an embedded conversion feature and the subsequent recognition of interest expense on the associated debt instrument when the modification does not result in a debt extinguishment.

F*air Value of Financial Instruments*

The Company follows the guidance of ASC 820 – "Fair Value Measurement and Disclosure". Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company did not have any level 1 financial instruments at March 31, 2016 or December 31, 2015.

As of March 31, 2016 and December 31, 2015, the Company's derivative and warrant liabilities are considered a level 2 item (see Notes 4 and 5).

As of March 31, 2016 and December 31, 2015 the Company's redeemable noncontrolling interest is considered a level 3 item and changed during the three months ended March 31, 2016 as follows.

Balance at December 31, 2015	$865,614
Net loss attributable to noncontrolling interest	1,479
Balance at March 31, 2016	$864,135

Loss per Common Share

The Company presents basic loss per share (“EPS”) and diluted EPS on the face of the consolidated statement of operations. Basic loss per share is computed as net loss divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. As of March 31, 2016 and 2015, the Company had 23,100,000 and 23,528,571 warrants, respectively, for which, in 2015, 428,571 warrants had an exercise price which was in excess of the average closing price of the Company’s common stock during the corresponding quarter, and thus 23,100,000 and 23,100,000 warrants, respectively, are considered dilutive under the treasury stock method of accounting. However, due to the net loss in the periods presented, the warrants’ effects are antidilutive and therefore, excluded from diluted EPS calculations.

Derivative Financial Instruments

We do not use derivative financial instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of our financial instruments. However, under the provisions ASC 815 – "Derivatives and Hedging" certain financial instruments that have characteristics of a derivative, as defined by ASC 815, such as embedded conversion features on our Convertible Notes, that are potentially settled in the Company's own common stock, are classified as liabilities when either (a) the holder possesses rights to net-cash settlement or (b) physical or net-share settlement is not within our control. In such instances, net-cash settlement is assumed for financial accounting and reporting purposes, even when the terms of the underlying contracts do not provide for net-cash settlement. Derivative financial instruments are initially recorded, and continuously carried, at fair value each reporting period.

The value of the embedded conversion feature is determined using the Black-Scholes option pricing model. All future changes in the fair value of the embedded conversion feature will be recognized currently in earnings until the note is converted or redeemed. Determining the fair value of derivative financial instruments involves judgment and the use of certain relevant assumptions including, but not limited to, interest rate risk, credit risk, volatility and other factors. The use of different assumptions could have a material effect on the estimated fair value amounts.

Redeemable - Noncontrolling Interest

Redeemable interest held by third parties in subsidiaries owned or controlled by the Company is reported on the consolidated balance sheets outside permanent equity. All non-controlling interest reported in the consolidated statements of operations reflects the respective interests in the income or loss after income taxes of the subsidiaries attributable to the other parties, the effect of which is removed from the net income or loss available to the Company. The Company accretes the redemption value of the redeemable non-controlling interest over the redemption period.

New Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issues Accounting Standard Updates ("ASU") to amend the authoritative literature in ASC. There have been a number of ASUs to date that amend the original text of ASC. The Company believes those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to the Company or (iv) are not expected to have a significant impact on the Company.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements Going Concern", which requires management to evaluate, at each annual and interim reporting period, whether there are conditions or events

that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued and provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016 and interim periods thereafter. The guidance is not expected to have a material impact on the Company's financial statements.

In April 2015, FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of debt issuance costs will continue to be reported as interest expense. ASU 2015-03 is effective for annual reporting periods beginning after December 15, 2015. The adoption did not have a material impact on the Company's financial statements.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The amendments in this update simplify the presentation of deferred taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. These amendments may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The amendments are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance is not expected to have a material impact

on the Company's financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 840), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in this standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for a public entity. Early adoption of the amendments in this standard is permitted for all entities and the Company must recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

NOTE 3 - DEVELOPMENT CONTRACTS

Department of Energy Awards 1 and 2

In February 2007, the Company was awarded a grant for up to $40 million from the U.S. Department of Energy's ("DOE") cellulosic ethanol grant program to develop a solid waste biorefinery project at a landfill in Southern California. During October 2007, the Company finalized Award 1 for a total approved budget of just under $10,000,000 with the DOE. This award was a 60%/40% cost share, whereby 40% of approved costs may be reimbursed by the DOE pursuant to the total $40 million award announced in February 2007.

In December 2009, as a result of the American Recovery and Reinvestment Act, the DOE increased Award 2 to a total of $81 million for Phase II of its Fulton Project. This is in addition to a renegotiated Phase I funding for development of the biorefinery of approximately $7 million out of the previously announced $10 million total. This brought the DOE's total award to the Fulton project to approximately $88 million. In September 2012, Award 1 was officially closed.

Since 2009, our operations had been financed to a large degree through funding provided by the DOE. We have relied on access to this funding as a source of liquidity for capital requirements not satisfied by the cash flow from our operations. If we are unable to access government funding our ability to finance our projects and/or operations and implement our strategy and business plan will be severely hampered.

On December 23, 2013, the Company received notice from the DOE indicating that the DOE would no longer provide funding under Award 2 due to the Company's inability to comply with certain deadlines related to providing certain

information to the DOE with respect to the Company's future financing arrangements for the Fulton Project. On March 17, 2015, the Company received a letter from the DOE stating that because of the upcoming September 2015 expiration date for expending American Recovery and Reinvestment Act (ARRA) funding, it cannot reconsider its decision, and the Company considers such decision to be final. In June of 2015, the DOE obligated additional funds totaling $873,332 for costs incurred but not reimbursed prior to September 30, 2014 as well as for program required compliance audits for years 2011-2014.

As of September 30, 2015 the Company submitted all final invoices and final documents related to the termination of the grant by the DOE. The Company considers the grant closed out and completed.

NOTE 4 - NOTES PAYABLE

From time-to-time, the Company enters into convertible notes with third parties as indicated below. Under the terms of these notes, the Company is to repay any principal balance and interest, at 8% per annum at a given maturity date which is generally less than one year. The Company has the option to prepay the convertible promissory notes prior to maturity at varying prepayment penalty rates specified under the agreement. The convertible promissory notes are convertible into shares of the Company's common stock after six months as calculated by multiplying 58% (42% discount to market) by the average of the lowest three closing bid prices during the 10 days prior to the conversion date.

For the below convertible notes, the Company determined that since the conversion prices are variable and do not contain a floor, the conversion feature represents a derivative liability upon the ability to convert the loan after the six month period specified above. Since the conversion feature is only convertible after six months, there is no derivative liability upon issuance. However, the Company will account for the derivative liability upon the passage of time and the note becoming convertible if not extinguished.

Vis Vires Group, Inc.

On May 12, 2015, the Company issued a convertible note in favor of Vis Vires Group, Inc. in the principal amount of $59,000 with a $4,000 on-issuance discount pursuant to the terms identified above, with a maturity date of February 14, 2016. In accordance with the terms of the note, the note became convertible on November 8, 2015. As of December 31, 2015, the entire discount, including the on issuance discount, was amortized to interest expense, with no remaining unamortized discount and the note was fully converted into 26,072,727 shares of common stock.

JMJ Convertible Note

On April 2, 2015, the Company issued a convertible note in favor of JMJ Financial in the principal amount of $100,000 out of a total of a possible $250,000, with a maturity date of April 1, 2017 (the "JMJ Note"). The JMJ Note was issued with a 10% original issue discount, and is convertible at any time. The $10,000 on-issuance discount will be amortized over the life of the note. The Company is to repay any principal balance due under the note including a one-time charge of 12% interest on the principal balance outstanding if not repaid within 90 days. The Company has the option to prepay the JMJ Note prior to maturity. The JMJ Note is convertible into shares of the Company's common stock as calculated by multiplying 60% of the lowest trade price in the 25 trading days prior to the conversion date.

Due to the variable conversion feature of the note, derivative accounting is required. The Company valued the derivative upon issuance and at each conversion, and reporting date. The initial value of the derivative liability was $412,212, resulting in a day one loss $312,212. The discount on the convertible note is being amortized over the life of the note. During the three months ended March 30, 2016, amortization of the discount was $32,866 with $0 remaining.

	March 31, 2016	April 2, 2015
Annual dividend yield	-	-
Expected life (years)	1.00	2.00
Risk-free interest rate	0.73 %	0.55 %
Expected volatility	188.24%	301.07%

During the three months ended March 31, 2016, the Company issued 96,830,000 shares of common stock for the conversion of approximately $60,650, including approximately $52,950 of principal and $7,700 of accrued interest. Subsequent to March 31, 2016, a portion of the JMJ Note was converted into shares of Company stock and repaid in full (See Note 10).

AKR Promissory Note

On April 8, 2014, the Company issued a promissory note in favor of AKR Inc, ("AKR") in the principal aggregate amount of $350,000 (the "AKR Note"). The AKR Note was due on April 8, 2015, but was subsequently extended to June 30, 2016, and requires the Company to (i) incur interest at five percent (5%) per annum; (ii) issue on April 8, 2014 to AKR warrants allowing them to buy 7,350,000 common shares of the Company at an exercise price of $0.007 per common share, such warrants to expire on April 8, 2016 ("AKR Warrant A"); (iii) issue on August 8, 2014 to AKR warrants allowing them to buy 7,350,000 common shares of the Company at an exercise price of $0.007 per common share, such warrants to expire on April 8, 2016 ("AKR Warrant B"); and (iv) issue on November 8, 2014 to AKR warrants allowing them to buy 8,400,000 common shares of the Company at an exercise price of $0.007 per common share, such warrants to expire on April 8, 2016 ("AKR Warrant C", together with AKR Warrant A and AKR Warrant B the "AKR Warrants"). The Company may prepay the debt, prior to maturity with no prepayment penalty.

The Company valued the AKR Warrants as of the date of the note and recorded a discount of $42,323 based on the relative fair value of the AKR Warrants compared to the debt. During the quarter ended March 31, 2016, the Company amortized $0 of the discount to interest expense. As of March 31, 2016 unamortized discount of $0 remains. The Company assessed the fair value of the AKR Warrants based on the Black-Scholes pricing model. See below for variables used in assessing the fair value.

	April 8, 2014
Annual dividend yield	-
Expected life (years) of	1.41 - 2.00
Risk-free interest rate	0.40%
Expected volatility	183% - 206%

On April 24, 2014, the Company issued a promissory note in favor of AKR in the principal aggregate amount of $30,000 ("2nd AKR Note"). The 2nd AKR Note was due on July 24, 2014, but was subsequently extended to June 30, 2016. Pursuant to the terms of the 2nd AKR Note, the Company is to repay any principal balance and interest, at 5% per annum at maturity. The Company may prepay the debt prior to maturity with no prepayment penalty.

Kodiak Promissory Note

On December 17, 2014, the Company entered into the equity Purchase Agreement with Kodiak. Pursuant to the terms of the Purchase Agreement, for a period of twenty-four (24) months commencing on the date of effectiveness of the registration statement, Kodiak shall commit to purchase up to $1,500,000 of Put Shares, pursuant to Puts (as defined in the Purchase Agreement), covering the Registered Securities (as defined in the Purchase Agreement). See Note 9 for more information.

As further consideration for Kodiak entering into and structuring the Purchase Agreement, the Company issued Kodiak a promissory note in the principal aggregate amount of $60,000 (the "Kodiak Note") that bears no interest and has maturity date of July 17, 2015. No funds were received for this note. As of March 31, 2016, the balance outstanding on the Kodiak Note was $40,000. Because the note was issued for no cash consideration, there was a full on-issuance discount, of which $60,000 was amortized as of March 31, 2016, and $0 remains to be amortized.

NOTE 5 - OUTSTANDING WARRANT LIABILITY

The Company assesses the fair value of the warrants quarterly based on the Black-Scholes pricing model. See below for variables used in assessing the fair value.

The Company issued 428,571 warrants to purchase common stock in connection with a Stock Purchase Agreement entered into on January 19, 2011 with Lincoln Park Capital, LLC. These warrants expired in January 2016 and were accounted for as a liability under ASC 815 as they contain a ratchet provision in which the exercise price will be adjusted based on future issuances of common stock, excluding certain issuances; if issuances are at prices lower than the current exercise price. The Company assesses the fair value of the warrants quarterly based on the Black-Scholes pricing model. See below for variables used in assessing the fair value.

	January 19, 2016		December 31, 2015	
Annual dividend yield	-		-	
Expected life (years) of	0		0.05	
Risk-free interest rate	0	%	0.14	%
Expected volatility	0	%	216	%

In connection with these warrants, the Company recognized a gain on the change in fair value of warrant liability of approximately $199 and $13,200 during the three months ended March 31, 2016 and 2015, respectively.

Expected volatility is based primarily on historical volatility. Historical volatility was computed using weekly pricing observations for recent periods that correspond to the expected life of the warrants. The Company believes this method produces an estimate that is representative of our expectations of future volatility over the expected term of these warrants. The Company currently has no reason to believe future volatility over the expected remaining life of these warrants is likely to differ materially from historical volatility. The expected life is based on the remaining term of the warrants. The risk-free interest rate is based on U.S. Treasury securities rates.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Board of Director Arrangements

On November 19, 2013, the Company renewed all of its existing Directors' appointment, and accrued $5,000 to both of the two outside members. Pursuant to the Board of Director agreements, the Company's "in-house" board members (CEO and Vice-President) waived their annual cash compensation of $5,000. As of May 16, 2016, the Company had not yet issued the 6,000 shares issuable for compensation in 2013, 2014 or 2015 to each of its Board Members.

Fulton Project Lease

On July 20, 2010, the Company entered into a thirty year lease agreement with Itawamba County, Mississippi for the purpose of the development, construction, and operation of the Fulton Project. At the end of the primary 30 year lease term, the Company shall have the right for two additional thirty year terms. The current lease rate is computed based on a per acre rate per month that is approximately $10,300 per month. The lease stipulates the lease rate is to be reduced at the time of the construction start by a Property Cost Reduction Formula which can substantially reduce the monthly lease costs. The lease rate shall be adjusted every five years to the Consumer Price Index.

Rent expense under non-cancellable leases was approximately $30,900, and $30,900 during the three months ended March 31, 2016 and 2015, respectively.

As of March 31, 2016 and 2015, $205,840 and $82,336 of the monthly lease payments were included in accounts payable on the accompanying consolidated balance sheets, respectively. During 2014, the County of Itawamba forgave approximately $96,000 in lease payments.

The Company is currently in default of the lease due to non payment and could be subject to lease cancellation if it cannot make payments or other arrangements with the County of Itawamba. As of March 31, 2016, the Company has accrued $16,033 of default interest due to the nonpayment of the lease. As of the date of this filing there have been no formal letters of default or demands from the County of Itawamba.

NOTE 7 - RELATED PARTY TRANSACTIONS

Loan Agreement

On December 15, 2010, the Company entered into a loan agreement (the "Loan Agreement") by and between Arnold Klann, the Chief Executive Officer, Chairman of the board of directors and majority shareholder of the Company, as lender (the "Lender"), and the Company, as borrower. Pursuant to the Loan Agreement, the Lender agreed to advance to the Company a principal amount of Two Hundred Thousand United States Dollars ($200,000) (the "Loan"). The Loan Agreement requires the Company to (i) pay to the Lender a one-time amount equal to fifteen percent (15%) of the Loan (the "Fee Amount") in cash or shares of the Company's common stock at a value of $0.50 per share, at the Lender's option; and (ii) issue the Lender warrants allowing the Lender to buy 500,000 common shares of the Company at an exercise price of $0.50 per common share. The Company has promised to pay in full the outstanding principal balance of any and all amounts due under the Loan Agreement within thirty (30) days of the Company's receipt of investment financing or a commitment from a third party to provide One Million United States Dollars ($1,000,000) to the Company or one of its subsidiaries (the "Due Date"), to be paid in cash. These warrants expired on December 15, 2013.

Related Party Lines of Credit

On November 10, 2011, the Company obtained a line of credit in the amount of $40,000 from its Chairman/Chief Executive Officer and majority shareholder to provide additional liquidity to the Company as needed, at his sole discretion. Under the terms of the note, the Company is to repay any principal balance and interest, at 12% per annum, within 30 days of receiving qualified investment financing of $100,000 or more. On April 10, 2014 the line of credit was increased to $55,000. On March 13, 2016, the line of credit was increased to $125,000. As of March 31, 2016 and December 31, 2015, the outstanding balance on the line of credit was approximately $69,230 and $45,230, respectively. On March 31, 2016, there was approximately $55,770 remaining under the line. Although the Company has received over $100,000 in financing since this agreement was put into place, Mr. Klann does not hold the Company in default at this time.

As of March 31, 2016, $16,707 in accrued interest is owed under this line of credit and included with accrued liabilities.

Accrued Salaries

As of March 31, 2016 and December 31, 2015, accrued salary due to the Chief Executive Officer included within accrued liabilities was $188,333.

NOTE 8 - REDEEMABLE NONCONTROLLING INTEREST

On December 23, 2010, the Company sold a one percent (1%) membership interest in its operating subsidiary, BlueFire Fulton Renewable Energy, LLC ("BlueFire Fulton" or the "Fulton Project"), to an accredited investor for a purchase price of $750,000 ("Purchase Price"). The Company maintains a 99% ownership interest in the Fulton Project. In addition, the investor received a right to require the Company to redeem the 1% interest for $862,500, or any pro-rata amount thereon. The redemption is based upon future contingent events based upon obtaining financing for the construction of the Fulton Project. The third party equity interests in the consolidated joint ventures are reflected as redeemable noncontrolling interests in the Company's consolidated financial statements outside of equity. The Company accreted the redeemable noncontrolling interest for the total redemption price of $862,500 through the estimated forecasted financial close, originally estimated to be the end of the third quarter of 2011.

Net loss attributable to the redeemable noncontrolling interest during for the three months ended March 31, 2016 and 2015 was $1,479 and $1,189, respectively which netted against the value of the redeemable non-controlling interest in temporary equity. The allocation of net loss was presented on the consolidated statements of operations.

NOTE 9 - STOCKHOLDERS' DEFICIT

Series A Preferred Stock

We have authorized the issuance of a total of 1,000,000 shares of our Series A Preferred Stock. See Note 1 for rights and preferences.

Kodiak Purchase Agreement and Registration Rights Agreement

On December 17, 2014, the Company entered into the equity Purchase Agreement with Kodiak. Pursuant to the terms of the Purchase Agreement, for a period of twenty-four (24) months commencing on the date of effectiveness of the registration statement, Kodiak shall commit to purchase up to $1,500,000 of Put Shares, pursuant to Puts (as defined in the Purchase Agreement), covering the Registered Securities (as defined below).

The "Registered Securities" means the (a) Put Shares, and (b) any securities issued or issuable with respect to any of the foregoing by way of exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registered Securities, once issued such securities shall cease to be Registered Securities when (i) a Registration Statement has been declared effective by the SEC and such Registered Securities have been disposed of pursuant to a Registration Statement, (ii) such Registered Securities have been sold under circumstances under which all of the applicable conditions of Rule 144 are met, (iii) such time as such Registered Securities have been otherwise transferred to holders who may trade such shares without restriction under the Securities Act or (iv) in the opinion of counsel to the Company, which counsel shall be reasonably acceptable to Investor, such Registered Securities may be sold without registration under the Securities Act or the need for an exemption from any such registration requirements and without any time, volume or manner limitations pursuant to Rule 144(b)(i) (or any similar provision then in effect) under the Securities Act.

As further consideration for Kodiak entering into and structuring the Purchase Agreement, the Company issued Kodiak a promissory note for no consideration, in the principal aggregate amount of $60,000 (the "Kodiak Note") that bears no interest and has maturity date of July 17, 2015. See Note 4 for additional information.

Concurrently with the Purchase Agreement, on December 17, 2014, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with Kodiak. Pursuant to the terms of the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") with the SEC to cover the Registered Securities, within thirty (30) days of closing, and must use its commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC. The Registration was filed on January 2, 2015, and declared effective on February 11, 2015.

On February 12, 2015, the Company issued a Put for 20,000,000 put shares. The lowest closing bid price during the valuation period was $0.0098. For the quarter ended March 31, 2016 and 2015, the Company received total funds, net of Kodiak's 25% discount, of $0 and $147,000, respectively.

The Purchase Agreement, will terminate on the earlier of (i) on the date on which Kodiak shall have purchased Put Shares pursuant to this Agreement for an aggregate Purchase Price of the Maximum Commitment Amount or (ii) December 31, 2016.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent to March 31, 2016, the Company has issued a total of 8,911,400 shares of common stock to JMJ under the terms of the JMJ Note for conversion of approximately $5,347 in accrued interest. The JMJ Note is fully repaid as of April 5, 2016.

Subsequent to March 31, 2016, the Company reached a settlement with James G Speirs and James N. Speirs in regards to the lawsuit filed in Orange County Superior Court and subsequently appealed by the Company. Under the settlement agreement, James G Speirs and James N Speirs have returned the 5,740,741 shares to the Company and they have been subsequently retired to treasury. The request to dismiss the case has been sent by both parties to the Orange County Superior Court and is awaiting the formal dismissal.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This quarterly report on Form 10-Q and other reports filed by BlueFire Renewables, Inc. (the "Company") from time to time with the SEC (collectively, the "Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company's business, industry, and the Company's operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report.

PLAN OF OPERATION

Our primary business encompasses development activities culminating in the design, construction, ownership and long-term operation of cellulosic ethanol production bio-refineries utilizing the licensed Arkenol Technology in North America. Our secondary business is providing support and operational services to Arkenol Technology based bio-refineries worldwide. As such, we are currently in the development-stage of finding suitable locations and

deploying project opportunities for converting cellulose fractions of municipal solid waste and other opportunistic feedstock into ethanol fuels.

Our initial planned bio-refineries in North America are projected as follows:

A bio-refinery, costing approximately $100 million to $125 million, that will process approximately 190 tons of green waste material annually to produce roughly 3.9 million gallons of ethanol annually. On November 9, 2007, we purchased the facility site which is located in Lancaster, California for the BlueFire Ethanol Lancaster project ("Lancaster Bio-refinery"). Permit applications were filed on June 24, 2007, to allow for construction of the Lancaster Bio-refinery. On or around July 23, 2008, the Los Angeles Planning Commission approved the use permit for construction of the plant. However, a subsequent appeal of the county decision, which BlueFire overcame, combined with the waiting period under the California Environmental Quality Act, pushed the effective date of the permit approval to December 12, 2008. On February 12, 2009, we were issued our "Authority to Construct" permit by the Antelope Valley Air Quality Management District. In 2009 the Company submitted an application for a $58 million dollar loan guarantee for the Lancaster Bio-refinery with the DOE Program DE-FOA-0000140 ("DOE LGPO"), which provided federal loan guarantees for projects that employed innovative energy efficiency, renewable energy, and advanced transmission and distribution technologies. In 2010, the Company was informed that the loan guarantee for the planned bio-refinery in Lancaster, California, was rejected by the DOE due to a lack of definitive contracts for feedstock and off-take at the time of submittal of the loan guarantee for the Lancaster Bio-refinery, as well as the fact that the Company was also pursuing a much larger project in Fulton, Mississippi. The Company sees the project on hold until we receive the funding to construct the facility. We have completed the detailed engineering and design on the project and are seeking funding in order to build the facility. Additionally, the engineering and design package allows for immediate construction, upon receipt of funding and the renewal of required permits. With no immediate funding sources in place, the Company sees this project on hold. Although the Company originally intended to use this proposed facility for their first cellulosic ethanol refinery plant, the Company is now considering using it as a bio-refinery to produce products other than cellulosic ethanol, such as higher value chemicals that would yield fuel additives that that could improve the project economics for a smaller facility. The preparation for the construction of this plant was the primary capital use in the early years of the company. With no definitive agreements in place, the Company sees this Project on hold.

A bio-refinery proposed for development and construction previously in conjunction with the DOE, previously located in Southern California, and now located in Fulton, Mississippi, which will process approximately 700 metric dry tons of woody biomass, mill residue, and other cellulosic waste to produce approximately 19 million gallons of ethanol annually ("Fulton Project"). We estimate the total construction cost of the Fulton Project to be in the range of approximately $300 million. In 2007, we received an Award from the DOE of up to $40 million for the Fulton Project. On or around October 4, 2007, we finalized Award 1 for a total approved budget of just under $10,000,000 with the DOE. This award is a 60%/40% cost share, whereby 40% of approved costs may be reimbursed by the DOE pursuant to the total $40 million award announced in February 2007. In 2008, the Company began to draw down on the Award 1 monies that were finalized with the DOE. As our Fulton Project developed further, the Company was able to begin drawing down on Award 2, the second phase of DOE monies. On December 4, 2009, the DOE announced that the total award for this project has been increased to a maximum of $88 million under the American Recovery and Reinvestment Act of 2009 ("ARRA") and the Energy Policy Act of 2005. As of September 12, 2012 Award 1 was officially closed. On December 23, 2013, the Company received notice from the DOE indicating that the DOE would no longer provide funding under the DOE Grant for the development of the Fulton Project due to the Company's inability to comply with certain deadlines related to providing certain information to the DOE with respect to the Company's future financing arrangements for the Fulton Project. On March 17, 2015, the Company received a letter from the DOE stating that because of the upcoming September 2015 expiration date for expending American Recovery and Reinvestment Act (ARRA) funding, it cannot reconsider its decision and the Company considers such decision to be final. In 2010, BlueFire signed definitive agreements for the following three crucial

contracts related to the Fulton Project: (a) feedstock supply with Cooper Marine, (b) off-take for the ethanol of the facility with Tenaska, and (c) the construction of the facility with MasTec. Also in 2010, BlueFire continued to develop the engineering package for the Fulton Project, and completed both the FEL-2 and FEL-3 stages of engineering readying the facility for construction. As of November 2010, the Fulton Project has all necessary permits for construction, and in that same month we began site clearing and preparation work, signaling the beginning of construction. In June 2011, BlueFire completed initial site preparation and the site is now ready for facility construction. In February 2010, we announced that we submitted an application for a $250 million dollar loan guarantee for the Fulton Project, under the DOE LGPO, mentioned above. In August 2010, BlueFire submitted an application for a $250 million loan guarantee with the USDA, which would represent substantially all of the funding shortfall on the project. The Company has since abandoned pursuit of both loan guarantee opportunities but may reapply at a later date as funding opportunities arise.

In 2014, BlueFire signed an Engineering Procurement and Construction (EPC) contract with China Three Gorges Corporation and its subsidiary China International Water & Electric, a large Chinese Engineering Procurement and Construction company. In tandem with the new EPC contractor, the Company is engaging Chinese banks to provide the debt financing for the Fulton Project. BlueFire has received a letter of intent from the Export Import Bank of China to provide up to $270 million in debt financing for the Fulton project. The Company continues to have pertinent discussions with key parties with the Export Import Bank of China and it seems to be a viable option for debt but no definitive agreements have been signed. In 2013, the Company began developing a new integration concept in regards to the Fulton project whereby a wood pellet facility would be integrated into the ethanol facility to provide a stronger financing package. A preliminary design package and due diligence have been completed. The Company continues to explore this option and will utilize whichever plant design is the most beneficial for financing. On December 23, 2013, the Company received notice from the Department of Energy (the "DOE") indicating that the DOE would no longer provide funding under the Company's DOE grant (the "DOE Grant") for the development of the Fulton Project due to the Company's inability to comply with certain deadlines related to providing information to the DOE with respect to the Company's future financing arrangements for the Fulton Project. On March 17, 2015, the Company received a letter from the DOE stating that because of the upcoming September 2015 expiration date for expending American Recovery and Reinvestment Act (ARRA) funding, it cannot reconsider its decision and the Company considers such decision to be final. As of September 30, 2015 the Company has submitted all final invoices and final close-out documents to the Department of Energy. The Company considers the grant closed out and completed.

Several other opportunities are being evaluated by us in North America, although no definitive agreements have been reached.

In February of 2012, SucreSource announced its first client GS Caltex, a South Korean petroleum company. In the same month, it received the first payment under the Professional Services Agreement (PSA) for work on a facility in South Korea. As of March 31, 2015, SucreSource has completed and fulfilled all initial work and obligations under the fixed portion of the agreement. Anticipated 2016 work product and additional services will be billed on an hourly basis when services are performed as GS Caltex continues to develop facilities in South Korea.

The Company is evaluating a number of existing power generating or biomass handling facilities in the United States and Canada to integrate a cellulosic biofuel production plant in order to reduce capital cost and operating cost. To date no definitive agreements have been reached with interested parties.

BlueFire's capital requirement strategies for its planned bio-refineries and general company operations are as follows:

Obtain additional operating capital from joint venture partnerships, Federal or State grants or loan guarantees, debt financing or equity financing to fund our ongoing operations and the development of initial bio-refineries in North America. Although the Company is in discussions with potential financial and strategic sources of financing for their planned bio-refineries, no definitive agreements are in place.

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The 2014 Farm Bill made amendments to Title IX of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) including changes to Section 9003 Biorefinery Assistance Program of Title IX (9003 Biorefinery Assistance Program or the program) to expand the program to enable loan guarantees for renewable chemical and biobased product manufacturing facilities. The 2014 Farm Bill provides mandatory budget authority of $100 million for the fiscal year ending September 2014 and $50 million for each of fiscal years 2015 and 2016. Carryover funding from the 2008 Farm Bill may still be made available. While BlueFire will continue to explore potential opportunities under the Farm Bill, initial attempts under the 9003 Program have been unsuccessful and unless a qualified lender is identified to participate, an application filing by BlueFire is not imminent.

Sale of Company engineering services and design packages to technology licensees.

The Company shall apply for public funding to leverage private capital raised by us, as applicable.

Sale of consulting services to project developers and technology companies.

The issuance of debt and/or equity to fund operations.

Leverage existing relationships with Chinese or South Korean strategic partners for investment.

The sale of Company assets or find suitors for acquisition of part or all of Company’s ongoing Projects.

DEVELOPMENTS IN BLUEFIRE’S BIO-REFINERY ENGINEERING AND DEVELOPMENT

In 2010, BlueFire continued to develop the engineering package for the Fulton Project, and completed the Front-End Loading (FEL) stages 2 and FEL-3 of engineering for the Fulton Project readying the facility for construction. FEL is the process for conceptual development of processing industry projects. This process is used in the petrochemical, refining, and pharmaceutical industries. Front-End Loading is also referred to as Front-End Engineering Design (FEED).

FEL-1	**FEL-2**	**FEL-3**
* Material Balance	* Preliminary Equipment Design	* Purchase Ready Major Equipment Specifications
* Energy Balance	* Preliminary Layout	* Definitive Estimate
* Project Charter	* Preliminary Schedule	* Project Execution Plan
	* Preliminary Estimate	* Preliminary 3D Model

* Electrical Equipment List
* Line List
* Instrument Index

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RESULTS OF OPERATIONS

For the Three Months Ended March 31, 2016 Compared to the Three Months Ended March 31, 2015

Revenue

Revenues for the three months ended March 31, 2016 and 2015 were approximately $0 and $38,000, respectively. Revenue in 2015 was primarily related to federal grant revenue from the DOE. The federal grant generally provides for reimbursement in connection with related development and construction costs involving commercialization of our technologies. The decrease in revenue was due to the company's inability to access the Department of Energy grant which was closed out as of September 30, 2015.

Project Development

For the three months ended March 31, 2016, our project development costs were approximately $100,000, compared to project development costs of $211,000 for the same period during 2015. The decrease in project development costs was primarily due to reduced employee time for DOE grant related activities and a greater focus on business development.

General and Administrative Expenses

General and administrative expenses were approximately $298,000 for the three months ended March 31, 2016, compared to $211,000 for the same period in 2015. The increase in general and administrative costs is mainly due to increased insurance costs and employee hours focused away from DOE grant related activities versus the same period in 2015.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded our operations through financing activities consisting primarily of private placements of debt and equity securities with existing shareholders and outside investors. In addition, we have also received funds

under the grant received from the DOE. Our principal use of funds has been for the further development of our bio-refinery projects, for capital expenditures and general corporate expenses. As our projects are developed to the point of construction, we anticipate significant purchases of long lead time item equipment for construction if the requisite capital can be obtained. As of March 31, 2016, we had cash and cash equivalents of approximately $3,066. As of May 16, 2016, we had cash and cash equivalents of approximately $18,500.

Management has funded operations primarily through proceeds from loans received from its majority shareholder, the private placement of the Company's common stock in December 2007 for net proceeds of approximately $14,500,000, the issuance of convertible notes with warrants in July and in August 2007, various convertible notes, and Department of Energy reimbursements throughout 2009 to September 30, 2015.

Changes in Cash Flows

During the three months ended March 31, 2016 and 2015, we used cash of approximately $48,000 and $155,000 in operating activities. During the 2016 period we had a net loss of approximately $310,000, which included add back non-cash net gains of approximately $111,000 and net cash provided by operating assets and liabilities of approximately $373,000. During the 2015 period, we had a net loss of approximately $418,000, which included add back non-cash charges of approximately $27,000 and net cash usage stemming from operating assets and liabilities of approximately $236,000. The decrease in cash usage was due to liquidity constraints and the Company accruing more liabilities to conserve cash.

During the three months ended March 31, 2016 and 2015, there were no funds used in investing activities.

During the three months ended March 31, 2016 and 2015, we had positive cash flow from financing activities of approximately $24,000 compared to approximately $147,000, respectively. We issued no convertible notes during the three months ended March 31, 2016 or 2015. During the three months ended March 31, 2016, the Company issued no shares of common stock, however, for the same period in 2015, the Company received proceeds of $147,000 for the issuance of shares under a registration statement (See note 9). The majority of these funds were used to pay for insurance and other liabilities of the Company.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Our management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

The methods, estimates, and judgment we use in applying our most critical accounting policies have a significant impact on the results we report in our financial statements. The SEC has defined "critical accounting policies" as those accounting policies that are most important to the portrayal of our financial condition and results, and require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based upon this definition, our most critical estimates relate to the fair value of warrant liabilities. We also have other key accounting estimates and policies, but we believe that these other policies either do not generally require us to make estimates and judgments that are as difficult or as subjective, or it is less likely that they would have a material impact on our reported results of operations for a given period. For additional information see Note 2, "Summary of Significant Accounting Policies" in the notes to our reviewed financial statements appearing elsewhere in this quarterly report and our annual audited financial statements appearing on Form 10-K. Although we believe that our estimates and assumptions are reasonable, they are based upon information presently available, and actual results may differ significantly from these estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures.

In connection with the preparation of this Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, our Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO") evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our PEO and PFO

concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Changes in Internal Control over Financial Reporting.

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

On February 26, 2013, the Company received notice that the Orange County Superior Court (the "Court") issued a Minute Order (the "Order") in connection with certain shareholders' claims of breach of contract and declaratory relief related to 5,740,741 warrants (the "Warrants") issued by the Company.

Pursuant to the Order, the Court ruled in favor of the shareholders on the two claims, finding that the Warrants contain certain anti-dilution protective provisions which provide for the re-adjustment of the exercise price of such Warrants upon certain events and that such exercise price per share of the Warrants must be decreased to $0.00.

The Company has considered these warrants exercised based on the notice of exercise received from the respective shareholders in December 2012.

On March 7, 2013, the shareholders making claims provided their request for judgment based on the Order received, which was initially refused by the Court via a second minute order received by the Company on April 8, 2013. On April 15, 2013, the Company's counsel submitted a proposed judgment to the Court as per the Courts request, which followed the Order and provided for no monetary damages against the Company. On May 14, 2013, this proposed judgment was approved by the Court ("Judgment").

On June 20, 2013, the Company filed motions to vacate the Judgment, a motion for a new trial, and a motion to stay enforcement of the Judgment, all of which were denied on June 27, 2013.

On August 2, 2013, pursuant to the exercise notice of the Warrants, and the Order, the Company issued 5,740,741 shares to certain shareholders. See Note 9 in the accompanying notes to consolidated financial statements for additional information.

On July 8, 2013, the Company appealed the Judgment in the Court of Appeal of the State of California, Fourth Appellate District, Division Three (the "Appellate Court"). On July 26, 2013, the shareholders filed a cross-appeal challenging that portion of the Judgment which held their fiduciary duty claim was unmeritorious and they were not entitled to monetary damages.

On December 15, 2015, the Appellate Court issued an opinion (the “Opinion”) that (i) the breach of fiduciary duty cause of action was unmeritorious; (ii) agreed with the Court’s ruling that no contract damages should be awarded; and (iii) agreed with the Court’s interpretation of the Warrants that the Anti-Dilution Provisions applied and therefore the Company breached the Warrants by not notifying the shareholders of a reduction in the exercise price. The Appellate Court *reversed* the Court’s ruling that the exercise price per share of the Warrants must be reduced to $0.00.

Accordingly, the Appellate Court reversed the Court’s Judgment and remanded for retrial solely to determine the proper remedy for the Company’s breach of the Warrants. Pursuant to California Code of Civil Procedure Section 908 and pending retrial, the Appellate Court authorized the Court to return the parties so far as possible to the positions they occupied before the enforcement of or execution on the Judgment (i.e., so long as it is possible, by ordering the shareholders to return the stock they received as a result of the enforcement of the Judgment). Section 908 provides for restitution on reasonable terms and conditions of all property and rights lost by an erroneous judgment, and also permits entry of a money judgment sufficient to compensate for property or rights not restored. The Company is pursuing all legal remedies to compel the return of the shares issued as part of the original judgment.

Subsequent to March 31, 2016, this Court case was settled (See Note 10).

Other than as disclosed above, we are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries’ officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 1A. Risk Factors.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our annual report on Form 10-K for the year ended December 31, 2015, filed with the SEC on March 30, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no unregistered sales of the Company’s equity securities during the quarter ended March 31, 2016.

Item 3. Defaults Upon Senior Securities.

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Except as detailed below, there is no other information required to be disclosed under this item which was not previously disclosed.

As previously reported by the Company, on February 26, 2013, the Company received notice that the Orange County Superior Court (the “Court”) issued a Minute Order (the “Order”) in connection with certain shareholders (the “Plaintiffs”) claims of breach of contract and declaratory relief related to 5,740,741 warrants (the “Warrants”) issued by the Company.

Pursuant to the Order, the Court ruled in favor of the Plaintiffs on the two claims, finding that the Warrants contain certain anti-dilution protective provisions ("Anti-Dilution Provisions") which provide for the re-adjustment of the exercise price of such Warrants upon certain events and that such exercise price per share of the Warrants must be decreased to $0.00.

On July 8, 2013, the Company appealed the Judgment in the Court of Appeal of the State of California, Fourth Appellate District, Division Three (the "Appellate Court"). On July 26, 2013, the Plaintiffs filed a cross-appeal challenging that portion of the Judgment which held their fiduciary duty claim was unmeritorious and they were not entitled to monetary damages.

On December 15, 2015, the Appellate Court issued an opinion (the "Opinion") that (i) the breach of fiduciary duty cause of action was unmeritorious; (ii) agreed with the Court's ruling that no contract damages should be awarded; and (iii) agreed with the Court's interpretation of the Warrants that the Anti-Dilution Provisions applied and therefore the Company breached the Warrants by not notifying the Plaintiffs of a reduction in the exercise price. The Appellate Court *reversed* the Court's ruling that the exercise price per share of the Warrants must be reduced to $0.00.

Accordingly, the Appellate Court reversed the Court's Judgment and remanded for retrial (the "Retrial") solely to determine the proper remedy for the Company's breach of the Warrants. Pursuant to California Code of Civil Procedure Section 908 and pending retrial, the Appellate Court authorized the Court to return the parties so far as possible to the positions they occupied before the enforcement of or execution on the Judgment (i.e., so long as it is possible, by ordering the Plaintiffs to return the stock they received as a result of the enforcement of the Judgment). Section 908 provides for restitution on reasonable terms and conditions of all property and rights lost by an erroneous judgment, and also permits entry of a money judgment sufficient to compensate for property or rights not restored.

On May 6, 2016 (the "Settlement Date"), the Company entered into a Settlement and Release Agreement with the Plaintiffs to settle any and all claims remanded for Retrial between the Company and the Plaintiffs (the "Settlement Agreement").

Pursuant to the Settlement Agreement, the Plaintiffs shall dismiss any and all claims against the Company with prejudice and return to the Company 5,740,741 shares of the Company's common stock (the "Shares"), and the Company shall pay the Plaintiffs a one-time cash payment of $112,500 within fifteen (15) days of the Settlement Agreement.

Item 6. Exhibits.

Description

Exhibit No.	
31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)). *
31.2	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)). *
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document *
101.SCH	XBRL Taxonomy Extension Schema *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase *
101.DEF	XBRL Taxonomy Extension Definition Linkbase *
101.LAB	XBRL Taxonomy Extension Label Linkbase *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase *

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	BLUEFIRE RENEWABLES, INC.	
Date: May 16, 2016	By:	*/s/ Arnold Klann*
	Name:	Arnold Klann
	Title:	Chief Executive Officer (Principal Executive Officer) (Principal Financial Officer) (Principal Accounting Officer)