

Gevo, Inc.  
Form 10-Q/A  
November 10, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended September 30, 2015

or

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

Commission File Number 001-35073

GEVO, INC.

(Exact name of registrant as specified in its charter)

Delaware 87-0747704  
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

345 Inverness Drive South, Building C, Suite 310

Englewood, CO 80112

(303) 858-8358

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

As of October 28, 2015, 16,948,932 shares of the registrant's common stock were outstanding.

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Explanatory Note

Gevo, Inc. (the “Company”) is filing this Amendment No. 1 to the Quarterly Report on Form 10-Q (the “Form 10-Q/A”) to amend its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, which was filed with the Securities and Exchange Commission (the “SEC”) on November 5, 2015 (the “Original Filing”). Very shortly after filing the Original Filing, the Company learned that the net loss per share calculations for the three and nine months ended September 30, 2014 in the Consolidated Statements of Operations had not been updated to reflect the reverse stock split that the Company implemented in April 2015. This Form 10-Q/A corrects those figures and updates the exhibit list from the Original Filing. In addition, as required by Rule 12b–15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed as exhibits to this Form 10-Q/A.

This Form 10-Q/A does not attempt to modify or update the disclosures in any other items set forth in the Original Filing, and speaks as of the date of the Original Filing, unless otherwise noted. The Original Filing, as amended, is set forth in its entirety for convenience, but not all exhibits filed with the Original Filing are filed with this Form 10-Q/A. Accordingly, this Form 10-Q/A should be read in conjunction with the Original Filing and all filings made with the SEC subsequent to the date of the Original Filing.

GEVO, INC.

FORM 10-Q/A

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## GEVO, INC.

## Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	(unaudited)	
	September 30, 2015	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 16,203	\$6,359
Accounts receivable	1,134	2,361
Inventories	2,703	4,292
Prepaid expenses and other current assets	618	732
Total current assets	20,658	13,744
Property, plant and equipment, net	76,505	81,240
Debt issue costs, net	376	530
Restricted deposits	2,611	2,611
Deposits and other assets	803	803
Total assets	\$ 100,953	\$98,928
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,811	\$8,588
Current portion of secured debt, net of \$20 and \$31 discount at September 30, 2015 and December 31, 2014, respectively	320	288
Derivative warrant liability	3,395	3,114
Other current liabilities	-	35
Total current liabilities	10,526	12,025
Long-term portion of secured debt, net of \$4 and \$18 discount at September 30, 2015 and December 31, 2014, respectively	241	485
2017 Notes recorded at fair value	21,879	25,460
2022 Notes, net	15,242	13,679
Other long-term liabilities	147	315
Total liabilities	48,035	51,964

## Commitments and Contingencies (see note 11)

## Stockholders' Equity

Common stock, \$0.01 par value per share; 250,000,000 authorized; 16,947,088 and

6,641,870 shares issued and outstanding at September 30, 2015 and

December 31, 2014, respectively	169	66
Additional paid-in capital	384,279	350,196
Deficit accumulated	(331,530 )	(303,298)
Total stockholders' equity	52,918	46,964
Total liabilities and stockholders' equity	\$ 100,953	\$ 98,928

See notes to unaudited consolidated financial statements.

GEVO, INC.

## Consolidated Statements of Operations

(in thousands, except share and per share amounts)

(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30,	
	2015	2014	2015	2014
<b>Revenue and cost of goods sold</b>				
Ethanol sales and related products, net	\$ 7,551	\$ 9,197	\$ 20,604	\$ 14,719
Hydrocarbon revenue	192	778	1,449	3,426
Grant and other revenue	274	166	787	620
Total revenues	8,017	10,141	22,840	18,765
Cost of goods sold	10,629	11,760	29,761	24,709
Gross loss	(2,612 )	(1,619 )	(6,921 )	(5,944 )
<b>Operating expenses</b>				
Research and development expense	1,527	3,723	5,014	11,414
Selling, general and administrative expense	5,135	3,570	13,406	13,508
Total operating expenses	6,662	7,293	18,420	24,922
Loss from operations	(9,274 )	(8,912 )	(25,341 )	(30,866 )
<b>Other (expense) income</b>				
Interest expense	(2,121 )	(2,017 )	(6,186 )	(6,227 )
Interest expense - debt issue costs	-	(581 )	-	(3,766 )
Gain on conversion of debt	-	-	285	-
Gain on extinguishment of warrant liability	-	-	1,775	-
Gain from change in fair value of embedded derivatives of the 2022 Notes	-	726	-	3,470
Gain from change in fair value of the 2017 Notes	157	5,673	3,582	544
Gain (loss) from change in fair value of derivative				
warrant liability	4,719	4,173	(2,361 )	6,772
Other income	-	-	14	7
Total other income (expense)	2,755	7,974	(2,891 )	800
Net loss	(6,519 )	(938 )	(28,232 )	(30,066 )
Net loss per share - basic and diluted	\$ (0.39 )	\$ (0.16 )	\$ (2.22 )	\$ (6.07 )
Weighted-average number of common shares				
outstanding - basic and diluted	16,688,632	5,808,079	12,700,844	4,956,994

See notes to unaudited consolidated financial statements.



GEVO, INC.

## Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Operating Activities</b>		
Net loss	\$(28,232)	\$(30,066)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Gain) loss from change in fair value of derivative warrant liability	2,361	(6,772 )
Gain from change in fair value of embedded derivative of the 2022 Notes	-	(3,470 )
Gain from change in fair value of the 2017 Notes	(3,582 )	(544 )
Gain on conversion of debt	(285 )	-
Gain on extinguishment of warrant liability	(1,775 )	-
Stock-based compensation	1,953	2,362
Depreciation and amortization	4,897	3,214
Non-cash interest expense	2,740	6,374
Changes in operating assets and liabilities:		
Accounts receivable	1,227	(685 )
Inventories	1,589	(446 )
Prepaid expenses and other current assets	114	302
Accounts payable, accrued expenses, and long-term liabilities	(2,019 )	(2,875 )
Net cash used in operating activities	(21,012)	(32,606)
<b>Investing Activities</b>		
Acquisitions of property, plant and equipment	(271 )	(4,553 )
Proceeds from sales tax refund for property, plant and equipment	144	-
Restricted certificate of deposit	-	(2,611 )
Net cash used in investing activities	(127 )	(7,164 )

See notes to unaudited consolidated financial statements.

GEVO, INC.

## Consolidated Statements of Cash Flows - Continued

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Financing Activities</b>		
Payments on secured debt	(236 )	(9,720 )
Debt and equity offering costs	(2,785 )	(5,051 )
Proceeds from issuance of common stock upon exercise of stock options and employee stock purchase plan	3	19
Proceeds from issuance of common stock and common stock units	23,850	18,000
Proceeds from the exercise of warrants	10,151	-
Proceeds from issuance of convertible debt, net	-	25,907
Net cash provided by financing activities	30,983	29,155
Net increase (decrease) in cash and cash equivalents	9,844	(10,615)
Cash and cash equivalents		
Beginning of period	6,359	24,625
Ending of period	\$16,203	\$14,010

See notes to unaudited consolidated financial statements.

GEVO, INC.

## Consolidated Statements of Cash Flows - Continued

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30, 2015	2014
Supplemental disclosures of cash and non-cash investing and financing transactions		
Cash paid for interest, net of interest capitalized	\$3,449	\$3,697
Capitalization of interest, from term to 2017 convertible notes	\$-	\$201
Non-cash purchase of property, plant and equipment	\$131	\$99
Conversion of convertible debt to common stock	\$2,000	\$-
2015 Series A Warrant issuance	\$1,437	\$-
2015 Series B Warrant issuance	\$2,528	\$-
2015 Series C Warrant issuance	\$1,299	\$-
Issuance of 2014 Warrants	\$-	\$2,400

See notes to unaudited consolidated financial statements.

GEVO, INC.

## Notes to Unaudited Consolidated Financial Statements

## 1. Nature of Business, Financial Condition and Basis of Presentation

Nature of Business. Gevo, Inc. (“Gevo” or the “Company,” which, unless otherwise indicated, refers to Gevo, Inc. and its subsidiaries) is a renewable chemicals and next generation biofuels company focused on the development and commercialization of alternatives to petroleum-based products based primarily on isobutanol produced from renewable feedstocks. Gevo, Inc. was incorporated in Delaware on June 9, 2005. Gevo, Inc. formed Gevo Development, LLC (“Gevo Development”) in September 2009 to finance and develop biorefineries either through joint venture, licensing arrangements, tolling arrangements or direct acquisition (see Note 9). Gevo Development became a wholly owned subsidiary of the Company in September 2010. Gevo Development purchased Agri-Energy, LLC (“Agri-Energy”) in September 2010. Through May 2012, Agri-Energy, a wholly owned subsidiary of Gevo Development, was engaged in the business of producing and selling ethanol and related products produced at its plant located in Luverne, Minnesota (the “Agri-Energy Facility”). The Company commenced the retrofit of the Agri-Energy Facility in 2011 and commenced initial startup operations for the production of isobutanol at this facility in May 2012. In September 2012, the Company made the strategic decision to pause isobutanol production at the Agri-Energy Facility to focus on optimizing specific parts of the process to further enhance isobutanol production rates. In 2013, the Company modified the Agri-Energy Facility in order to increase the isobutanol production rate. In June 2013, the Company resumed the limited production of isobutanol, operating one fermenter and one Gevo Integrated Fermentation Technology® (“GIFT”) separation system in order to (i) verify that the modifications had significantly reduced the previously identified infections, (ii) demonstrate that its biocatalyst performs in the one million liter fermenters at the Agri-Energy Facility, and (iii) confirm GIFT® efficacy at commercial scale at the Agri-Energy Facility. In August 2013, the Company expanded production capacity at the Agri-Energy Facility by adding a second fermenter and second GIFT® system to further verify its results with a second configuration of equipment. In October 2013, the Company began commissioning the Agri-Energy Facility on corn mash to test isobutanol production run rates and to optimize biocatalyst production, fermentation separation and water management systems. In March 2014, the Company decided to leverage the flexibility of its GIFT® technology and further modify the Agri-Energy Facility to enable the simultaneous production of isobutanol and ethanol. In July 2014, the Company began more consistent co-production of isobutanol and ethanol at the Agri-Energy Facility, with one fermenter utilized for isobutanol production and three fermenters utilized for ethanol production. In line with the Company’s strategy to maximize asset utilization and site cash flows, this configuration of the plant should allow the Company to continue to optimize its isobutanol technology at a commercial scale, while taking advantage of potentially favorable ethanol contribution margins. Also with a view to maximizing site cash flows, over certain periods of time, the Company may and has operated the plant for the sole production of ethanol across all four fermenters.

As of September 30, 2015, the Company continues to conduct research and development, business development, business and financial planning, establishing its facilities including retrofitting the Agri-Energy Facility, initial startup operations for isobutanol production at the Agri-Energy Facility and raising capital. Ultimately, the Company believes that the attainment of profitable operations is dependent upon future events, including completion of its development activities resulting in commercial production and sales of isobutanol or isobutanol-derived products and/or technology, obtaining adequate financing to complete its development activities and build out further isobutanol production capacity, gaining market acceptance and demand for its products and services, and attracting and retaining qualified personnel.

The Company has primarily derived revenue from the sale of ethanol, distiller's grains and other related products produced as part of the ethanol production process at the Agri-Energy Facility. The production of ethanol alone is not the Company's intended business and its future strategy is expected to depend on its ability to produce and market isobutanol and products derived from isobutanol. Given that the production of ethanol alone is not the Company's intended business, and the Company is only beginning to achieve more consistent production and revenue from the sale of isobutanol, the historical operating results of Agri-Energy may not be indicative of future operating results for Agri-Energy or Gevo.

## GEVO, INC.

## Notes to Unaudited Consolidated Financial Statements (Continued)

**Financial Condition.** For the nine months ended September 30, 2015, the Company incurred a consolidated net loss of \$28.2 million and had an accumulated deficit of \$331.5 million. The Company's cash and cash equivalents at September 30, 2015 totaled \$16.2 million which is primarily being used for the following: (i) operating activities of the Agri-Energy Facility; (ii) operating activities at its corporate headquarters in Colorado, including research and development work; (iii) capital improvements primarily associated with its Agri-Energy Facility; (iv) costs associated with optimizing isobutanol production technology; and (v) debt service obligations. The Company expects to incur future net losses as it continues to fund the development and commercialization of its product candidates. The Company's transition to profitability is dependent upon, among other things, the successful development and commercialization of its product candidates and the achievement of a level of revenues adequate to support the Company's cost structure. The Company may never achieve profitability or positive cash flows, and unless and until it does, the Company will continue to need to raise additional cash. Management intends to fund future operations through additional private and/or public offerings of debt or equity securities. In addition, the Company may seek additional capital through arrangements with strategic partners or from other sources, it may seek to restructure its debt and it will continue to address its cost structure. Notwithstanding, there can be no assurance that the Company will be able to raise additional funds, or achieve or sustain profitability or positive cash flows from operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business.

**Basis of Presentation.** The unaudited consolidated financial statements of the Company (which include the accounts of its wholly-owned subsidiaries Gevo Development and Agri-Energy) have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the U.S. for complete financial statements. These statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of the Company at September 30, 2015 and are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included under the heading "Financial Statements and Supplementary Data" in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as amended (the "Annual Report").

On April 15, 2015, the Board of Directors of the Company approved a reverse split of the Company's common stock, par value \$0.01, at a ratio of one-for-fifteen. This reverse stock split became effective on April 20, 2015 and, unless otherwise indicated, all share amounts, per share data, share prices, exercise prices and conversion rates set forth in these notes and the accompanying consolidated financial statements have, where applicable, been adjusted retroactively to reflect this reverse stock split.

**Recent Accounting Pronouncements.** In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). The objective of ASU 2014-09 is to outline a new, single comprehensive model to use in accounting for revenue arising from contracts with customers. The new revenue recognition model provides a five-step analysis for determining when and how revenue is recognized, depicting the transfer of promised goods or services to customers in an amount that reflects the consideration that is expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years and interim periods within those years beginning after December 15, 2016. Early adoption is not permitted. On July 9, 2015, the FASB Board voted to delay the implementation of ASU 2014-09 by one year to December 15, 2017. The Company is currently evaluating the impact of adopting ASU 2014-09.

In April 2015, the FASB issued authoritative guidance intended to simplify the presentation of debt issuance costs. These amendments require that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liabilities, consistent with the presentation of debt discounts. This will result in the elimination of debt issuance costs as an asset and will reduce the carrying value of our debt liabilities. This guidance is effective for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating the potential impact of this guidance.

## 2. Earnings per Share

Basic net loss per share is computed by dividing the net loss attributable to Gevo, Inc. common stockholders for the period by the weighted-average number of common shares outstanding during the period. Diluted earnings per share ("EPS") includes the dilutive effect of common stock equivalents and is computed using the weighted-average number of common stock and common stock equivalents outstanding during the reporting period. Diluted EPS for the nine months ended September 30, 2015 and 2014 excluded common stock equivalents because the effect of their inclusion would be anti-dilutive, or would decrease the reported loss per share.

## GEVO, INC.

## Notes to Unaudited Consolidated Financial Statements (Continued)

The following table sets forth securities outstanding that could potentially dilute the calculation of diluted earnings per share.

	As of September 30,	
	2015	2014
Warrants to purchase common stock	3,913,718	2,504,237
2017 Notes	1,502,532	1,502,532
2022 Notes	291,611	315,034
Outstanding options to purchase common stock	433,371	249,410
Unvested restricted common stock	36,713	67,348
Total	6,177,945	4,638,561

## 3. Inventories

The following table sets forth the components of the Company's inventory balances (in thousands).

	September 30, 2015	December 31, 2014
Raw materials		
Corn	\$ 142	\$ 1,369
Enzymes and other inputs	209	344
Finished goods	389	525
Work in process	610	610
Spare parts	1,353	1,444
Total inventories	\$ 2,703	\$ 4,292

## 4. Property, Plant and Equipment

The following table sets forth the Company's property, plant and equipment by classification (in thousands).

	Useful Life	September 30, 2015	December 31, 2014
Construction in progress	-	\$ 181	\$ 440
Plant machinery and equipment	10 years	13,840	13,367



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Site improvements	10 years	7,039	7,015
Retrofit asset	20 years	65,457	65,601
Lab equipment, furniture and fixtures and vehicles	5 years	6,394	6,385
Demonstration plant	2 years	3,597	3,597
Buildings	10 years	2,543	2,543
Computer, office equipment and software	3 years	1,550	1,490
Leasehold improvements, pilot plant, land and support equipment	2 - 5 years	2,143	2,144
Total property, plant and equipment		102,744	102,582
Less accumulated depreciation and amortization		(26,239 )	(21,342 )
Property, plant and equipment, net		\$ 76,505	\$ 81,240

Included in cost of goods sold is depreciation of \$1.4 million during the three months ended September 30, 2015 and 2014, and \$4.3 million and \$2.5 million during the nine months ended September 30, 2015 and 2014, respectively.

Included in operating expenses is depreciation of \$0.2 million and \$0.3 million during the three months ended September 30, 2015 and 2014, respectively, and \$0.6 million and \$0.8 million during the nine months ended September 30, 2015 and 2014, respectively.

GEVO, INC.

Notes to Unaudited Consolidated Financial Statements (Continued)

## 5. Embedded Derivatives

## Convertible 2022 Notes

In July 2012, the Company issued 7.5% convertible senior notes due 2022 (the “2022 Notes”) which contain the following embedded derivatives: (i) rights to convert into shares of the Company’s common stock, including upon a Fundamental Change (as defined in the indenture governing the 2022 Notes (the “Indenture”)); and (ii) a Coupon Make-Whole Payment (as defined in the Indenture) in the event of a conversion by the holders of the 2022 Notes prior to July 1, 2017. Embedded derivatives are separated from the host contract, the 2022 Notes, and carried at fair value when: (a) the embedded derivative possesses economic characteristics that are not clearly and closely related to the economic characteristics of the host contract; and (b) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument. The Company has concluded that the embedded derivatives within the 2022 Notes meet these criteria and, as such, must be valued separate and apart from the 2022 Notes as one embedded derivative and recorded at fair value each reporting period.

The Company used a binomial lattice model in order to estimate the fair value of the embedded derivative in the 2022 Notes. A binomial lattice model generates two probable outcomes, whether up or down, arising at each point in time, starting from the date of valuation until the maturity date. A lattice was initially used to determine if the 2022 Notes would be converted, called or held at each decision point. Within the lattice model, the following assumptions are made: (i) the 2022 Notes will be converted early if the conversion value is greater than the holding value; or (ii) the 2022 Notes will be called if the holding value is greater than both (a) the Redemption Price (as defined in the Indenture) and (b) the conversion value plus the Coupon Make-Whole Payment at the time. If the 2022 Notes are called, then the holders will maximize their value by finding the optimal decision between (1) redeeming at the Redemption Price and (2) converting the 2022 Notes.

Using this lattice, the Company valued the embedded derivative using a “with-and-without method,” where the value of the 2022 Notes including the embedded derivative, is defined as the “with”, and the value of the 2022 Notes excluding the embedded derivative, is defined as the “without”. This method estimates the value of the embedded derivative by looking at the difference in the values between the 2022 Notes with the embedded derivative and the value of the 2022 Notes without the embedded derivative. The lattice model requires the following inputs: (i) price of Gevo common stock; (ii) Conversion Rate (as defined in the Indenture); (iii) Conversion Price (as defined in the Indenture); (iv) maturity date; (v) risk-free interest rate; (vi) estimated stock volatility; and (vii) estimated credit spread for the Company.

The following table sets forth the inputs to the lattice model that were used to value the embedded derivative.

	December 31, 2014	
Stock price	\$4.80	
Conversion Rate	11.7113	
Conversion Price	\$85.39	
	July 1, 2022	
Maturity date		
Risk-free interest rate	2.00	%
Estimated stock volatility	87	%

Estimated credit spread	20	%
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Inputs used to estimate the value of the embedded derivative as of September 30, 2015 were substantially similar to those used as of the period ended June 30, 2015. Changes in certain inputs into the lattice model can have a significant impact on changes in the estimated fair value of the embedded derivatives. For example, the estimated fair value of the embedded derivatives will generally decrease with; (i) a decline in the stock price; (ii) a decrease in the estimated stock volatility; and (iii) a decrease in the estimated credit spread.

GEVO, INC.

Notes to Unaudited Consolidated Financial Statements (Continued)

## Derivative Warrant Liability

In December 2013, the Company sold 1,420,250 shares of the Company's common stock and warrants to purchase an additional 1,420,250 shares of the Company's common stock (the "2013 Warrants"). In August 2014, the Company sold 2,000,000 shares of common stock and warrants to purchase an additional 1,000,000 shares of common stock (the "2014 Warrants"). In February 2015, the Company sold 2,216,667 shares of the Company's common stock, Series A warrants to purchase an additional 2,216,667 shares of the Company's common stock (the "2015 Series A Warrants"), and Series B warrants to purchase an additional 2,216,667 shares of the Company's common stock (the "2015 Series B Warrants"). In May 2015, the Company sold 4,300,000 shares of the Company's common stock and Series C warrants to purchase an additional 430,000 shares of the Company's common stock (the "2015 Series C Warrants" and together with the 2015 Series A Warrants and the 2015 Series B Warrants, the "2015 Warrants").

	Issuance	Expiration	Exercise	Shares	Shares Issued	Shares
	Date	Date	Price	Underlying	upon Warrant	Outstanding as
				Warrants	Exercises as of	of
				on	September 30,	September 30,
				Issuance	2015	2015
2013 Warrants	12/16/2013	12/16/2018	\$ 12.65	1,420,250	304,771	1,115,479
2014 Warrants	8/5/2014	8/5/2019	\$ 8.30	1,000,000	610,765	389,235
2015 Series A Warrants	2/3/2015	2/3/2020	\$ 3.75	2,216,667	321,665	1,895,000
2015 Series B Warrants	2/3/2015	8/3/2015	\$ 3.00	2,216,667	1,907,773	-
2015 Series C Warrants	5/19/2015	5/19/2020	\$ 5.50	430,000	-	430,000
				7,283,584	3,144,974	3,829,714

The agreements governing the above warrants include the following terms:

- the warrants have exercise prices which are subject to adjustment for certain events, including the issuance of stock dividends on the Company's common stock and, in certain instances, the issuance of the Company's common stock or instruments convertible into the Company's common stock at a price per share less than the exercise price of the respective warrants;
- warrant holders may exercise the warrants through a cashless exercise if, and only if, the Company does not have an effective registration statement then available for the issuance of the shares of its common stock. If an effective registration statement is available for the issuance of its common stock a holder may only exercise the warrants through a cash exercise;

- the exercise price and the number and type of securities purchasable upon exercise of the warrants are subject to adjustment upon certain corporate events, including certain combinations, consolidations, liquidations, mergers, recapitalizations, reclassifications, reorganizations, stock dividends and stock splits, a sale of all or substantially all of the Company's assets and certain other events; and
- in the event of an extraordinary transaction (as defined in the respective warrant agreements), generally including any merger with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, or reclassification of its common stock, in which the successor entity (as defined in the respective warrant agreements) that assumes the warrant is not a publicly traded company, the Company or any successor entity will pay the warrant holder, at such holder's option, exercisable at any time concurrently with or within 30 days after the consummation of the extraordinary transaction, an amount of cash equal to the value of such holder's warrants as determined in accordance with the Black Scholes option pricing model and the terms of the respective warrant agreement.
- Additionally, the agreement governing the 2015 Series B Warrants included the following additional term(s):
- if, commencing on the 30th day after the 2015 Series B Warrants are issued and continuing through the expiration date of the 2015 Series B Warrants, the adjusted market price (as defined in the warrant agreement governing the terms of the 2015 Series B Warrants) of a share of the Company's common stock was less than \$3.00 (as adjusted for stock splits, stock dividends, recapitalization and other similar events), then the holders of the 2015 Series B Warrants could have exercised the 2015 Series B Warrants in a cashless exercise. This cashless exercise provision would have, subject to certain limitations set forth in the warrant agreement, permitted holders of such 2015 Series B Warrants to obtain a number of shares of the Company's common stock equal to 100% of (i) the aggregate dollar amount of 2015 Series B Warrants being exercised divided by the market price less (ii) the number of shares into which such 2015 Series B Warrants would then be exercised on a cash basis. The Series B Warrants expired on August 3, 2015.

GEVO, INC.

Notes to Unaudited Consolidated Financial Statements (Continued)

Based on these terms, the Company has determined that the 2013 Warrants, the 2014 Warrants, and the 2015 Warrants (together, the “Warrants”) qualify as derivatives and, as such, are presented as derivative warrant liability on the consolidated balance sheets and recorded at fair value each reporting period. The fair value of the Warrants was estimated to be \$3.4 million and \$3.1 million as of September 30, 2015 and December 31, 2014, respectively. The increase in the estimated fair value of the Warrants represents an unrealized loss which has been recorded as a loss from the change in fair value of derivative warrant liability in the consolidated statements of operations.

During the nine months ended September 30, 2015, Common Stock was issued as a result of exercise of Warrants as described below:

	Nine Months Ended September 30, 2015	
	Common Stock	
	Issued	Proceeds
2013 Warrants	304,756	\$ 1,057,010
2014 Warrants		