Novo Energies Corp
Form 10-Q
November 21, 2011

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 September 30, 2011

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 number 000-53723

NOVO ENERGIES CORPORATION
(Exact name of registrant as specified in its charter)

Florida	65-1102237
(State or other jurisdiction of Identification No.)	(I.R.S. Employer or organization)

Europa Place d'Armes, 750 Cote de Place d'Armes
Suite 64, Montreal Qc H2Y 2X8

Canada
(Address of principal executive offices) (Zip Code)

(514) 840-3697
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 [X] No

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company [X]

The number of shares outstanding of the issuer's common stock, as of November [___], 2011: 78,419,326.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

We are including the following cautionary statement in this Form 10-Q to make applicable and take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statement made by, or on behalf of ,us. This 10-Q, press releases issued by us, and certain information provided periodically in writing and orally by our designated officers and agents contain statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words "expect", "believe", "goal", "plan", "intend", "estimate", and similar expressions and varia thereof used are intended to specifically identify forward-looking statements. Where any such forward-looking statement includes a statement of the assumptions or basis underlying such forward-looking statement, we caution that assumed facts or basis almost always vary from actual results, and the differences between assumed facts or basis and actual results can be material, depending on the circumstances. Where, in any forward-looking statement, we, or our management, expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.

1

NOVO ENERGIES CORPORATION AND SUBSIDIARY
A DEVELOPMENT STAGE COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2011 (unaudited)	March 31, 2011
CURRENT ASSETS		
Cash	$2,386	$8,730
Total current assets	2,386	8,730
Equipment - net	6,623	8,353
TOTAL ASSETS	$9,009	$17,083

LIABILITIES AND STOCKHOLDERS' DEFICIT

	September 30, 2011 (unaudited)	March 31, 2011
CURRENT LIABILITIES		
Note Payable Caete Invest Trade, S.A.	$179,572	$179,572
10% Convertible Debenture	-	575,000
Accounts Payable	197,750	196,019
Accrued Interest	58,725	124,263
Accrued Professional Fees	149,268	283,631
Accrued Salaries and Taxes	52,087	46,880
Related party payables		
Accrued Rent	-	78,000
Due to Chairman and CEO	83,117	20,312
Note Payable Chief Executive Officer	122,459	161,371
Total Related Party Payables	205,576	259,683
Total current liabilities	$842,978	$1,665,048
STOCKHOLDERS' DEFICIT		
Common stock, par value $0.00001; 1,000,000,000 shares authorized, 78,419,326 and 53,245,328 issued and outstanding at September 30, 2011 and March 31, 2011, respectively	$787	$532
Additional paid-in capital	15,108,732	12,976,186
Accumulated deficit from prior operations	(8,521,904)	(8,521,904)
Accumulated deficit during development stage	(7,397,253)	(6,071,622)
Accumulated other comprehensive loss	(24,331)	(31,157)
Total Stockholders' Deficit	(833,969)	(1,647,965)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$9,009	$17,083

2

NOVO ENERGIES CORPORATION AND SUBSIDIARY
A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months ended September 30, 2011	For the Three Months ended September 30, 2010	For the Six Months ended September 30, 2011	For the Six Months ended September 30, 2010	Period from inception of Development (October 7, 2008) to September 30, 2011
	(Unaudited)		(Unaudited)		(Unaudited)
OPERATING EXPENSES					
General and Administrative	$560,932	$406,702	$941,982	$698,641	$ 5,375,991
Research and Development	-	143,221	1,000	338,619	987,352
Depreciation Expense	730	6,829	1,730	7,467	6,808
Total Expenses	561,662	556,752	944,712	1,044,727	6,370,151
NON OPERATING EXPENSE					
Interest expense	18,798	199,920	44,084	292,122	690,267
Loss on extinguishment of debt	336,835	-	336,835	-	336,835
Total Non Operating Expense	355,633	199,920	380,919	292,122	1,027,102
NET LOSS	$917,295	$756,672	$1,325,631	$1,336,849	$ 7,397,253
NET LOSS PER SHARE (BASIC AND DILUTED)	$(0.01)	$(0.02)	$(0.02)	$(0.04)	
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			69,007,188	34,398,030	

3

NOVO ENERGIES CORPORATION AND SUBSIDIARY
A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended September 30, 2011	2010	Period from Inception of Development (October 7, 2008) to September 30, 2011
	(Unaudited)		(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(1,325,631)	$(1,336,849)	$ (7,397,253)
Adjustments to reconcile net loss to cash provided by			
(used in) operating activities:			
Stock based compensation	415,750	326,759	3,263,845
Shares Issued in settlement agreement			114,995
Note Payable Discount Amortization	6,088	247,840	455,814
Depreciation	1,730	7,467	7,808
Loss on extinguishemnt of debt	336,835	-	336,835
Convertible Debenture Repayment Premium			75,000
Cash used in operating activities-continuing operations:			
Decrease (increase) in assets			
Miscellaneous Receivable	-	3,674	-
Increase (decrease) in liabilities			
Accounts Payable	1,731	66,415	678,219
Accrued Interest	36,677	42,672	82,227
Accrued Professional Fees	(34,363)	150,852	186,528
Related party payables	61,512	98,101	243,468
Cash used in operating activities	(499,671)	(393,069)	(1,952,514)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Equipment	-	(2,445)	(13,431)
Cash used in investing activities	-	(2,445)	(13,431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash provided by financing activities-continuing operations	-	-	-
Proceeds from Note Payable	-	-	242,000
Repayment of Note Payable		-	(62,428)
Proceeds from Convertible Debenture	-	-	491,667
Issuance of Common Stock	525,000	348,925	1,359,923
Proceeds from note payable to Chief Executive Officer	6,500	-	6,500
Repayment of note payable to Chief Executive Officer	(45,000)	-	(45,000)
Cash provided by financing activities-discontinued operations	-	-	-
Cash provided by financing activities	486,500	348,925	1,992,662

Foreign Currency Translation Effect	6,827	(1,752)	(24,331)
NET INCREASE (DECREASE) IN CASH	(6,344)	(48,341)	2,386
CASH, BEGINNING OF PERIOD	8,730	54,806	-
CASH, END OF PERIOD	$2,386	$6,465	$ 2,386

4

NOVO ENERGIES CORPORATION AND SUBSIDIARY
A DEVELOPMENT STAGE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended September 30, 2011	2010	Period from Inception of Development (October 7, 2008) to September 30, 2011
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest and Taxes Paid	NONE	NONE	NONE
NON CASH ITEMS			
Beneficial Conversion feature of debentures			$ 80,592
Shares issued to settle accounts payable obligations			294,961
Debenture Commitment shares			368,750
Note Payable to Officer in settlement of payables			172,364
Note Payable to Officer in settlement of payables			(172,364)
Common shares issued for accounts payable and debenture commitment shares			(75)
Additional Paid in Capital:			
Shares issued to settle accounts payable			(294,947)
Debenture commitment shares			(368,689)
Accural rent	$ (78,000)		(78,000)
Common stock	7		7
Additional paid in capital	77,993		77,993
10% Convertible debenture	(575,000)		(575,000)
Accrued interest	(102,215)		(102,215)
Common stock	67		67
Additional paid in capital	677,148		677,148

NOTE A - NATURE OF BUSINESS, GOING CONCERN, AND PRESENTATION

Basis of Presentation

The accompanying consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. Results for the three and six months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending March 31, 2012. For further information, refer to the financial statements and footnotes thereto included in the Novo Energies Corporation annual report on Form 10-K for the year ended March 31, 2011.

Nature of Business

Novo Energies Corporation ("Novo") is involved in the business of exploiting new Technologies for the clean production of energy. The core of Novo's technology was to recycle tires and plastics into energy as a Multi Stage Hybrid Gasification System ("MSHG"), which undertakes the conversion of carbonaceous feedstock to a gaseous end-product with an upgraded heating value in an environmentally friendly manner, and which does not involve combustion or any other reagents or other pollutants. The Company on May 17, 2011 entered into a memorandum of understanding with Clinical Research and its wholly owned subsidiary "Immunovative" whereby the Company would acquire the subsidiary in a separate transaction. Upon completion of the merger the Company will abandon the business of renewable energy and commence the business of clinical research.

Going Concern

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of $7,397,253 since inception of the development stage and has negative working capital of $840,592. Management's plans include the raising of capital through equity markets to fund future operations, the seeking of a merger candidate, and the generating of revenue through its business. Failure to raise adequate capital, seek a merger candidate and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses, find a successful merger candidate, and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Loss Per Common Share

The Company computes per share amounts in accordance with ASC Topic 260 Earnings per Share (EPS) which requires presentation of basic and diluted EPS. Basic EPS is computed by dividing the income (loss) available to Common Stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS is based on the weighted-average number of shares of Common Stock and Common Stock equivalents outstanding during the periods. A fully diluted calculation was not presented since the results would be anti-dilutive

NOTE B - NOTE PAYABLE TO CAETE INVEST TRADE, S.A.

On November 1, 2009, the Company issued a $242,000 promissory note to Caete Invest Trade, S.A. maturing on October 31, 2010. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the note plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. The Company, in accordance with EITF 98-5 and 00-27,
utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating $36,300 which was accreted monthly from the issuance date of the promissory note through maturity and was being recorded as additional interest expense. On February 4, 2010, $62,428 of the loan was repaid. The note is currently in default. At March 31, 2011 and December 31, 2010, the loan balance is $179,572.

NOTE C - RELATED PARTY PAYABLES

At September 30, 2011, the related party payables of $205,576 consists of: (a) expenses paid by the Chief Executive Officer on behalf of the Company aggregating $ 83,117 and (b) a note payable to the Chief Executive Officer of $122,459.

NOTE D - NOTE PAYABLE TO CHIEF EXECUTIVE OFFICER

On January 21, 2010, the Company owed its Chief Executive Officer approximately $376,560 for salary and expenditures paid by him on behalf of the company. The company and its Chief Executive Officer agreed to formalize a portion of the debt and issued a $172,364 promissory note maturing on January 21, 2012. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the loan plus accrued interest was convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. The Company in accordance with EITF 98-5 and 00-27 utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating $25,855 will be accreted monthly from the issuance date of the promissory note through maturity and will be recorded as additional interest expense. During the six months ended September 30, 2011, the Company repaid $45,000 of the loan. Accordingly, at September 30, 2011 and March 31, 2011, the balance of the loan is $122,459 and $161,371 net of the unamortized discount of $4,905 and $10,993, respectively.

NOTE E - CONVERTIBLE DEBENTURE

On January 26, 2010, the Company issued at par, a $500,000 Secured Convertible Debenture maturing on January 26, 2011. The debenture bears interest at the rate of 10% per annum and is payable monthly.
The Company had granted a security interest in substantially all of the assets of the Company as collateral for the debenture. The face amount of the loan plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. Additionally, the Company issued commitment shares totaling 6,085,193, equivalent to $1,500,000 at the closing date to obtain the loan. The Company in accordance with APB 14 utilized the Market Approach to value the debt instrument and allocated the net proceeds from the

issuance of the debenture based upon the pro rata portion of the face value of the debentures and the undiscounted value of the commitment shares. Additionally, 15% of the Debenture was allocated to a beneficial conversion feature in accordance with EITF 98-5 and EITF 00-27. The Company concluded that the 15% discount created a beneficial conversion feature at the commitment date since the effective conversion price of the shares was less than the stock price at the commitment date. The beneficial conversion feature and the pro rata value of the commitment shares aggregated $395,521 which was accreted monthly from the issuance date of the Debenture through maturity and will be recorded as additional interest expense. At March 31, 2011, the Company recorded the 15% redemption premium which is required upon repayment and an additional 5% interest penalty resulting from the loan being in default for non-payment of interest.

On June 1, 2011, the Company's secured convertible debenture through a debt assignment instrument was transferred to Green Eagle Capital Corp., a corporation controlled by a shareholder of the company.

On July 11, 2011, Green Eagle Capital Corp., as principal agent for a group of investors, converted the secured convertible debenture into 10,00,000 shares of the Company's common stock. While the Company has an obligation to issue these shares, as of the filing of this report, it has not done so.

In connection with the conversion, the Company incurred a loss on the extinguishment of debt in accordance with ASC Topic 470-60 Debt. Under the terms of the original conversion agreement, the Company would have issued 6,678,320 shares based upon the conversion provisions. Under the debt assignment and new conversion agreement, an additional 3,321,680 shares were issued valued at the conversion price in the original conversion agreement.

NOTE F - STOCKHOLDERS' EQUITY

On May 1, 2009, the Company issued 3,000,000 shares of its common stock to Andre L'Heureux, President of the Company, in connection with his employment contract. The original contract specified that these shares vest at the rate of 83,333 per month over a three year period. On October 21, 2009, Mr. L'Heureux resigned as President and became Chief Technical Officer. On October 1, 2010, the Board modified the agreement to provide for the immediate vesting of all unearned shares. The shares were valued at $0.10 per share utilizing May 1, 2009 as the measurement date.

On May 1, 2009, the Company entered into a consulting agreement with JMR Holdings, Inc. to assist the Company in developing a business strategy, an acquisition strategy, and a sales and marketing strategy. In connection with the agreement, the Company issued 3,000,000 shares of its common stock at $0.10 per share utilizing May 1, 2009 as the measurement date which are to vest at the rate of 83,333 per month over a three year period. This agreement was amended on December 1, 2009 with immediate vesting of all issued shares.

On May 1, 2009, the Company entered into an agreement with Jeffrey Wolin to provide managerial consulting services. In connection with the agreement, the Company issued 450,000 shares which will vest at the rate of 12,500 shares per month. The shares were valued at $0.10 per share utilizing May 1, 2009 as the measurement date. On December 1, 2009, this agreement was amended to award 50,000 shares per month beginning January 1, 2010. The additional shares were valued at $0.30 per share utilizing December 1, 2009 as the measurement date. Mr. Wolin was to receive a total of 1,575,000 shares over the entire 3 year duration of the contract. On July 1, 2011, the Company terminated its relationship with Jeffrey Wolin. In settlement of the agreement, Mr. Wolin agreed to receive 375,000 shares of the Company's common stock. In total, Mr. Wolin received 825,000 shares.

On May 1, 2009, the Company entered into an agreement with William Rosenstadt and Steven Sanders, the firm's legal counsel, to assist the Company in developing business strategy, acquisition strategy, sales and marketing strategies, and other services mutually agreed to between the parties and the Company. The agreement calls for the issuance of 499,038 shares of common stock for the period May 1, 2009 to April 30, 2010. As of March 31, 2010, 450,000 shares were issued at $0.10 per share utilizing May 1, 2009 as the measurement date. On July 2, 2010, a resolution was approved by the Company to issue the balance of the shares.

On May 1, 2009, the Company entered into a three year consulting agreement with ELSO Investment Corporation to assist the Company in developing an acquisition strategy and structure outside North America and other services mutually agreed to by the Company and ELSO Investment Corporation. In connection with the agreement, the Company issued 900,000 shares of its common stock valued at $0.10 per share utilizing May 1, 2009 as the measurement date. The shares vest at the rate of 25,000 shares per month. On December 19, 2009, this agreement was amended with immediate vesting of all issued shares. The Chief Executive Officer of the company has a beneficial ownership interest in ELSO Investment Corporation. Stock based compensation in the amount of $90,000 was previously recognized. On May 1, 2010, this agreement was cancelled and all shares were returned to the Company for cancellation. Accordingly, the stock based compensation of $90,000 was reversed during the first quarter ended June 30, 2010.

On July 1, 2009, the Company entered into a consulting agreement with The Group Marcel Tremblay to provide consulting services relating to sales and business strategies. In connection with the agreement, the Company will issue 25,000 shares of its common stock at $1.00 per share utilizing July 1, 2009 as the measurement date which will vest at the rate of 2,083 per month over a 12 month period. On July 1, 2009, the Company issued 200,000 warrants valued at $0.982 per warrant to be vested over a 12 month period at 16,366 per month. On February 1, 2010, the Company modified the agreement canceling the warrants and issuing 360,000 shares of its common stock to be vested over a 36 month period retroactive to July 1, 2009. The incremental value between the fair value of the shares at the measurement date of February 1, 2010 and the fair value of the warrants cancelled was $0.16 per share. On May 15, 2010, the Company terminated this contract.

On July 1, 2009, the Company entered into a consulting agreement with Faisal Farooq Butt to provide consulting services relating to corporate strategies as well as sales and marketing strategies for an eighteen month period beginning July 15, 2009. In connection with the agreement, the Company issued 200,000 shares of its common stock valued at $.93 per share utilizing July 15, 2009 as the measurement date. The shares will vest over an 18 month period. On December 1, 2009, this contract was amended to award 50,000 shares per month effective January 1, 2010 and extended for an additional 30 months. Mr. Butt would then receive a total of 1,566,666 shares over the term of the contract. The share differential was valued at $0.30 per share utilizing December 1, 2009 as the measurement date. On February 1, 2011, the Company terminated its agreement with Faisal Farooq Butt and the Company agreed to issue 500,000 shares of its common stock in connection with the termination.

NOTE F - STOCKHOLDERS' EQUITY (CONTINUED)

On July 1, 2009, the Company entered into a consulting agreement with Jenkins Hill International to provide business and sales strategies. In connection with the agreement, the Company issued 250,000 shares of its common stock valued at $1.00 per share utilizing July 1, 2009 as the measurement date which will vest at the time of issue.

Effective October 23, 2009, the Company entered into an employment agreement with Hakim Zahar as the President of the Company. The agreement called for a base salary of $10,000 per month with payments starting November 15, 2009. The executive was to receive a minimum of 50,000 shares of the Company's common stock per month starting on the effective date of this agreement. This agreement could be terminated by either party at will. On May 28, 2010, the Company terminated the contract and agreed to compensate Mr. Zahar through February 15, 2010. In accordance with the settlement agreement, 200,000 shares of the Company's common stock were issued at a price of $0.44 per share based upon the commitment debt.

Effective August 15, 2009, the Company entered into a consulting agreement with Rubenstein Investor Relations, Inc. to provide consulting services with respect to matters concerning financial and investment communities for a minimum of six months. In addition to a monthly fee, the Company issued 200,000 five year warrants, exercisable at $0.40 per share. The warrants were valued using the Black-Scholes Option Pricing Model at $0.27 per share.

On November 1, 2009, the company entered into a consulting agreement with Philippe Germaine to provide investor relations and consulting services. In connection with the agreement, the Company would pay a monthly retainer of $3,000 per month, and issue 15,000 shares of its common stock per month. In addition, Mr. Germaine received a cash signing bonus of $9,000. Mr. Germaine's contract was terminated on June 15, 2010.

Between October 22, 2009 and November 4, 2009, the Company sold, under private placement agreements to four different individuals, 159,929 units consisting of one share of common stock and one warrant for every two shares sold. The units were sold at $0.35 per unit resulting in $55,975 proceeds to the Company. The warrants were valued at approximately $0.12 per unit using Black-Scholes Option pricing model and classified as additional paid in capital.

On January 21, 2010, the Company agreed to convert $124,960 of professional and consulting fees to common stock valued at $0.21 per share. Additionally, the Chief Executive Officer converted unpaid salaries and expenses paid on behalf of the Company totaling $170,000, to common stock valued at $0.21 per share.

On January 26, 2010, the Company entered into a secured convertible debenture maturing on January 26, 2011. In connection with the debenture issuance, the Company issued 6,085,193 shares of its common stock valued at $368,750. See Note E-Convertible Debenture.

On March 30, 2010, the Company cancelled its agreement with Colorado Tire Recycling, LLC. In connection with the contract cancellation, the Company issued 500,000 shares of its common stock valued at $0.23 per share utilizing March 30, 2010 as the measurement date, aggregating $115,000.

On June 7, 2010, the Company entered into a six month consulting agreement with Olga Finkelstein to assist the Company in developing a public relations strategy, new investor awareness strategies and communications. The consulting contract called for a monthly cash payment of $2,000 and 5,000 shares per month. The shares were to be valued at $0.05 per share, the value at commitment date. On December 1, 2010 the Company terminated the agreement. As a result, Novo Energies Corporation agreed to issue 30,000 common shares to Olga Finkelstein.

NOTE F - STOCKHOLDERS' EQUITY (CONTINUED)

On August 1, 2010, the Company entered into a consulting agreement with Seth Shaw to assist the Company in developing a business strategy, an acquisition strategy and other services. The term of agreement is one year commencing July 15, 2010. Mr. Shaw received 1,500,000 shares at $0.11 per share aggregating $165,000. The compensation is being recorded on a monthly basis. On March 28, 2011, the contract was modified increasing the compensation to 4,500,000 shares. The additional 3,000,000 shares were valued at $0.09, the fair value on date of commitment.

On August 18, 2010, the Board approved the issuance of 1,200,000 shares of its common stock to its Chief Executive in accordance with his amended employment contract. The shares vest at the rate of 50,000 shares per month over a 24 month period commencing June 18, 2010 and have been valued at $0.18 per share, the fair market value at the date of commitment.

During the twelve months ended March 31, 2011, the Company, under various private placement agreements, sold 1,550,000 shares of its common stock at $0.10 per share aggregating $155,000 and 10, 278,500 shares of its common stock at $0.05 aggregating $543,796.

On February 1, 2011, the Company entered into a consulting agreement with Larry Caito to assist the Company in developing business and acquisition strategies and any other services mutually agreed to between the Company and consultant. The term of the agreement is for one year. Mr. Caito, as compensation, received 1,000,000 shares of the Company's common stock which vest immediately. The shares were valued at $0.08 per share, the fair market value of the stock as at the date of commitment.

During the six months ended September 30, 2011, the Company, under a private placement agreements, sold 10,500,000 shares of its common stock aggregating $525,000.

On June 15, 2011, the Company entered into a consulting agreement with CSIR Group, Inc. to assist in general business strategies. In consideration for the services to be rendered, the Company issued 500,000 shares of its common stock at $0.12 per share, the commitment date value aggregating $60,000. The amount has been recorded as stock based compensation.

On June 15, 2011, the Company entered into a consulting agreement with SARLA Group, SA to assist in general business strategies. In consideration for the services to be rendered, the Company issued 1,000,000 shares of its common stock at $0.11 per share, the commitment date value aggregating $110,000. The amount has been recorded as stock based compensation.

On June 15, 2011, the Company entered into a consulting agreement with Octave LG Investment, Inc. to assist in general business strategies. In consideration for the services to be rendered, the Company issued 1,000,000 shares of its common stock at $0.11 per share, the commitment date value aggregating $110,00. The amount has been recorded as stock based compensation.

On July 1, 2011, Maria Laura Gomez, the wife of the Company's Chief Executive Officer converted $78,000 of unpaid rent for the Company's headquarters to common stock. The conversion rate was at $0.11 per share the date on which the conversion occurred. Accordingly, the Company issued 709,090 shares.

On July 1, 2011, the Company's attorneys agreed to convert $100,000 of legal fees to common stock at $0.10 per share. The shares have not yet been issued, but have recorded as though they have been issued.

On July 15, 2011, the Company issued 465,000 shares of its common stock to a former consultant in settlement of a consulting agreement. The shares were valued at $0.10 per share. Accordingly, stock based compensation in the amount of $46,500 was recorded.

NOTE G - FAIR VALUE MEASUREMENTS

On January 1, 2008, the Company adopted ASC 820 which defines fair value, provides a consistent framework for measuring fair value under generally accepted accounting principles and expands fair value financial statement disclosure requirements. ASC 820's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions.

ASC 820 classifies these inputs into the following hierarchy:

Level 1 inputs: Quoted prices for identical instruments in active markets.

Level 2 inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 inputs: Instruments with primarily unobservable value drivers.

The fair value of the company's cash, miscellaneous receivable, accounts payable, notes payable and accrued expenses approximate the carrying amounts of such investments due to their short maturity.

NOTE H - WARRANTS

The following table summarizes the activity of the warrants issued by the Company:

	Number of Warrants	Exercise Price	Expiration Date
Balance March 31, 2011	-		
Issued			
Private placements	194,465	$0.75	7/2012 to 11/2012
Consulting contracts	400,000	0.35 to $$0.40	8/2014
Cancelled-consulting contract	-200,000	$0.35	
Exercised	-		
Balance September 30, 2011	394,465		

Under the private placements agreements, each warrant entitles the holder to purchase one share of the Company's common stock for $0.75 per share and the warrants expire three years from the date of issuance.

The warrants were valued utilizing the following assumption employing the Black-Scholes Pricing Model:

	Consulting Agreements	Private Placements
Volatility	84.23% to 90.65 %	94.99% to 195.52 %
Risk-free rate	2.51% to 2.68 %	1.42% to 1.52 %
Dividend	0	0
Expected life of warrants	5	3

NOTE I - COMMITMENTS AND CONTINGENCIES

On April 1, 2010, the Company entered into a lease with Maria Laura Gomez, wife of the Chief Executive Officer, for its office facility, which is now owned by her. The lease is for a period of one year commencing April 1, 2010 to 2011 with a monthly rent of $6,500. The lease was extended for 1 year to April 2012 for the same monthly rent.

On May 28, 2010, the Company entered into a Technology Co-operation Agreement with Novo Energies International, Ltd. (NEI) that permits NEI to utilize the Company's technology and know-how for the sole purpose of building and operating facilities at NEI's expense that incorporate all or any portion of the Company's technology throughout the entire world except for all of the countries within North America, Central America and South America for a term of 10 years which may be renewed for an additional 10 year term. As consideration for the know-how and other technical information, the Company will receive 12.5% of NEI's issued and outstanding shares with anti-dilution rights. Such anti-dilution rights shall expire when NEI raises a minimum of 3,000,000 British pounds. In connection with the agreement, the Company's Chief Executive Officer and the Company's then Interim President, Faisal Farooq Butt were appointed as Directors to NEI's Board of Directors and each received 4% and 2%, respectively, of NEI's common stock. At March 31, 2010, NEI has not raised any investment capital and has had no operating activity.

On June 18, 2010, the Company amended the Chief Executive's employment contract whereby he will receive 1,200,000 shares of Company common stock and vest at the rate of 50,000 shares per month over a 24 month period commencing June 18, 2010.

Clinical Research, Inc. ("ICRI On May 17, 2011, the Company entered into an exclusive memorandum of understanding with Immunovative"), a Nevada corporation and wholly-owned subsidiary of Immunovative Therapies, Ltd., an Israeli Corporation ("Immunovative") pursuant to which (i) the Company and ICRI will pursue a merger resulting in the Company owning ICRI and (ii) the Company paid ICRI $65,000 as consideration for entering into the memorandum of understanding. The parties have agreed to complete a definitive agreement and plan of merger contemporaneous with closing the transaction as contemplated by its memorandum of understanding. The memorandum of understanding shall remain in full force and effect until the earlier of (1) a consummation of the merger; or (2) the expiration of 150 days, unless otherwise extended by the parties.

NOTE J – SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2011 the Company through various private placements sold approximately 2,000,000 shares of its common stock at $0.05 per share aggregating $100,000.

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

Novo Energies Corporation (“Novo”) is involved in the business of exploiting new Technologies for the clean production of energy. The core of Novo’s technology was to recycle tires and plastics into energy as a Multi Stage Hybrid Gasification System (“MSHG”), which undertakes the conversion of carbonaceous feedstock to a gaseous end-product with an upgraded heating value in an environmentally friendly manner, and which does not involve combustion or any other reagents or other pollutants. The Company on May 17, 2011 entered into an exclusive memorandum of understanding with Clinical Research and its wholly owned subsidiary “Immunovative” whereby the Company would acquire the subsidiary in a separate transaction. Upon completion of the merger the Company will abandon the business of renewable energy and commence the business of clinical research.

On July 30, 2009, the Company formed its first wholly owned subsidiary - WTL Renewable Energy, Inc. (“WTL”). WTL was established as a Canadian Federal Corporation whose business is to initially research available technologies capable of transforming plastic and tires into useful energy commodities. Simultaneously, WTL also intends to plan, build, own, and operate renewable energy plants throughout Canada now utilizing an MSHG technology and using plastic and tire waste as feedstock.

On January 26, 2010, the Company issued at par, a $500,000 Secured Convertible Debenture maturing on January 26, 2011. The debenture bears interest at the rate of 10% per annum and is payable monthly.

The Company has granted a security interest in substantially all of the assets of the Company as collateral for the debenture. The face amount of the loan plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price (“VWAP”) of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing “VWAP” of common stock during the five days prior to the conversion date. Additionally, the Company issued commitment shares totaling 6,085,193, equivalent to $1,500,000 at the closing date to obtain the loan. The Company in accordance with APB 14 utilized the Market Approach to value the debt instrument and allocated the net proceeds from the issuance of the debenture based upon the pro rata portion of the face value of the debentures and the undiscounted value of the commitment shares. Additionally, 15% of the Debenture was allocated to a beneficial conversion feature in accordance with EITF 98-5 and EITF 00-27. The Company concluded that the 15% discount created a beneficial conversion feature at the commitment date since the effective conversion price of the shares was less than the stock price at the commitment date. The beneficial conversion feature and the pro rata value of the commitment shares aggregated $395,521 which was accreted monthly from the issuance date of the Debenture through maturity and will be recorded as additional interest expense.

As of June 30, 2011, the loan was in default for non-payment. On July 11, 2011, the loan was converted into shares of the company’s common stock. At March 31, 2011, the Company recorded the 15% redemption premium which is required upon repayment and an additional 5% interest penalty resulting from the loan being in default for non-payment of interest.

On June 1, 2011, the Company’s secured convertible debenture through a debt assignment instrument was transferred to Green Eagle Capital Corp., a corporation controlled by a shareholder of the company.

On July 11, 2011, Green Eagle Capital Corp., as principal agent for a group of investors, converted the secured convertible debenture into 10,00,000 shares of the Company’s common stock. While the Company has an obligation to issue these shares, as of August 22, 2011, it has not done so.

On April 1, 2010, the Company entered into a lease with Mari Laura Gomez, wife of the Chief Executive Officer, for its office facility, which is now owned by her. The lease is for a period of one year commencing April 1, 2010 to 2011 with a monthly rent of $6,500. The lease was extended for 1 year to April 2011 for the same monthly rent.

On May 28, 2010, the Company entered into a Technology Co-operation Agreement with Novo Energies International, Ltd. (NEI) that permits NEI to utilize the Company's technology and know-how for the sole purpose of building and operating facilities at NEI's expense that incorporate all or any portion of the Company's technology throughout the entire world except for all of the countries within North America, Central America and South America for a term of 10 years which may be renewed for an additional 10 year term. As consideration for the know-how and other technical information, the Company will receive 12.5% of NEI's issued and outstanding shares with anti-dilution rights. Such anti-dilution rights shall expire when NEI raises a minimum of 3,000,000 British pounds. In connection with the agreement, the Company's Chief Executive Officer and the Company's then Interim President, Faisal Farooq Butt were appointed as Directors to NEI's Board of Directors and each received 4% and 2%, respectively, of NEI's common stock. At March 31, 2010, NEI has not raised any investment capital and has had no operating activity.

On June 18, 2010, the Company amended the Chief Executive's employment contract whereby he will receive 1,200,000 shares of Company common stock and vest at the rate of 50,000 shares per month over a 24 month period commencing June 18, 2010.

On May 17, 2011, the Company entered into an exclusive memorandum of understanding with Immunovative Clinical Research, Inc. ("ICRI"), a Nevada corporation and wholly-owned subsidiary of Immunovative Therapies, Ltd., an Israeli Corporation ("Immunovative") pursuant to which (i) the Company and ICRI will pursue a merger resulting in the Company owning ICRI and (ii) the Company paid ICRI $65,000 as consideration for entering into the memorandum of understanding. The parties have agreed to complete a definitive agreement and plan of merger contemporaneous with closing the transaction as contemplated by its memorandum of understanding. The memorandum of understanding shall remain in full force and effect until the earlier of (1) a consummation of the merger; or (2) the expiration of 150 days, unless otherwise extended by the parties.

In connection with the MOU, the Company issued a press release on May 19, 2011 entitled "Novo Energies Corp. Enters into a Memorandum of Understanding to Acquire Biotech Firm Immunovative Clinical Research Inc.". A copy of the press release was furnished as an exhibit to a current report on Form 8-K on May 23, 2011. The press release discussed the successful completion by ICRI of a Phase I/II clinical trial for its drug AlloStim™.

On September 29, 2011, Immunovative provided the Company with a copy of a letter, dated September 26, 2011, that ICRI received from the U.S. Department of Health & Human Services, Food & Drug Administration (the "FDA"). In that letter, the FDA proposes terminating the Investigational New Drug Application ("IND") related to AlloStim™ due to alleged significant deficiencies in the IND and/or in the conduct of the investigations under the IND. ICRI may within thirty days of the receipt of the letter from the FDA provide a written explanation or correction or may request a conference with the FDA to provide the requested explanation or correction. In response to such an explanation or correction, the FDA may decide to reverse its decision to terminate the IND application. As a result of the statements in the May 19, 2011 press release regarding the AlloStim™ clinical trials and the letter from the FDA, the Company hereby retracts its press release of May 19, 2011. Despite recalling the press release, the MOU described therein and in our current report on Form 8-K filed on May 23, 2011 is still in effect. The Company and Immunovative are discussing how, and if, to proceed with the MOU and are considering proceeding with an exclusive license arrangement of all current and future intellectual property (granted or pending) in the United States and internationally.

The information provided in Note F of the financial statements is incorporated by reference into this Part I, Item 2.

Subsequent Events

Subsequent to the quarter ended September 30, 2011 the Company through various private placements sold approximately 2,000,000 shares of its common stock at $0.05 per share aggregating $100,000.

On July 11, 2011, Green Eagle Corp., a principal agent for certain investors, converted the secured convertible debenture into 10,000,000 shares of the Company common stock. While the Company has an obligation to issue these shares, as of November 18, 2011, it has not done so.

On July 13, 2011, Sanders Ortoli Vaughn-Flan Rosenstadt, LLP, the Company's counsel, converted $100,000 of debt, owed to it for services rendered and expenses incurred prior to December 31, 2010, into 1,000,000 shares of the Company's common stock. While the Company has an obligation to issue these shares, as of November 18, 2011, it has not done so.

RESULTS OF OPERATIONS

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of $7,397,253 since inception of the development stage and has negative working capital of $840,592. Management's plans include the raising of capital through equity markets to fund future operations, the seeking of a merger candidate, and the generating of revenue through its business. Failure to raise adequate capital, seek a merger candidate and generate adequate sales revenues could result in the Company having to curtail or cease operations. Additionally, even if the Company does raise sufficient capital to support its operating expenses and generate adequate revenues, there can be no assurances that the revenues will be sufficient to enable it to develop business to a level where it will generate profits and cash flows from operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. However, the accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

Results of Operation - Six Months Ended September 30, 2011

The Company is currently developing its business, and as a result has no products or services to offer and no revenues. Its net losses, comprised of operating expenses and non-operating expenses, totaled $1,325,631 in the six months ended September 30, 2011 as compared to $1,336,849 for the six months ended September 30, 2010.

In developing its business, the Company has undertaken expenses that have resulted in a loss from operations of $944,712 in the six months ended September 30, 2011, as compared to a loss from operations of $1,044,727 in the corresponding period in 2010. Loss from operations resulted from general and administrative expenses, which increased from $698,641 to $941,982 in the six month periods ended September 30, 2010 and 2011, research and development, which decreased from $338,619 to $1,000 in the six month periods ended September 30, 2010 and 2011, and depreciation expenses, which decreased to $1,730 from $7,467.

The Company also had an increase in its non-operating expenses for the six-months ended September 30, 2011 from the corresponding period in 2010 from $380,919 to $292,122. The change in non-operating expenses resulted from a decrease in interest expense, from $292,122 to $44,084, offset by an increase in a loss on extinguishment of debt to $380,919 from $0.

Results of Operation – Three Months Ended September 30, 2011

The Company's net losses, comprised of operating expenses and non-operating expenses, totaled $917,295 in the three months ended September 30, 2011 as compared to $756,672 for the three months ended September 30, 2010.

In developing its business, the Company has undertaken expenses that have resulted in a loss from operations of $561,662 in the three months ended September 30, 2011, as compared to a loss from operations of $556,752 in the corresponding period in 2010. Loss from operations resulted consisted almost entirely of general and administrative expenses in the 2011 period, and in the 2010 period included general and administrative expenses of $406,702, research and development of $143,221 and depreciation expenses of $6,829.

The Company also had an increase in its non-operating expenses for the six-months ended September 30, 2011 from the corresponding period in 2010 from $380,919 to $292,122. The change in non-operating expenses resulted from a decrease in interest expense, from $292,122 to $44,084, offset by an increase in a loss on extinguishment of debt to $380,919 from $0.

LIQUIDITY AND CAPITAL RESOURCES

In connection with our current liabilities of $842,978 as at September 30, 2011, we had the note payable to Caete Invest Trade, S.A. of $179,572, and accounts payable of $197,750, accrued professional fees of $149,268 and related party payables of $205,576.

On November 1, 2009, the Company issued a $242,000 promissory note to Caete Invest Trade, S.A. maturing on October 31, 2010. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the note plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. The Company, in accordance with EITF 98-5 and 00-27, utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating $36,300 which was accreted monthly from the issuance date of the promissory note through maturity and was being recorded as additional interest expense. On February 4, 2010, $62,428 of the loan was repaid. The note is currently in default. At September 30, 2011 and March 31, 2011 and December 31, 2010, the loan balance is $179,572.

At September 30, 2011, the related party payables of $205,576 consists of: (a) expenses paid by the Chief Executive Officer on behalf of the Company aggregating $83,117 and (b) a note payable to the Chief Executive Officer in the amount of $122,459.

On January 21, 2010, the Company owed its Chief Executive Officer approximately $376,560 for salary and expenditures paid by him on behalf of the company. The company and its Chief Executive Officer agreed to formalize a portion of the debt and issued a $172,364 promissory note maturing on January 21, 2012. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the loan plus accrued interest was convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. The Company in accordance with EITF 98-5 and 00-27 utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating $25,855 will be accreted monthly from the issuance date of the promissory note through maturity and will be recorded as additional interest expense. During the six months ended September 30, 2011, the Company repaid $45,000 of the loan. Accordingly, at September 30, 2011 and March 31, 2011, the balance of the loan is $122,459 and $161,371 net of the unamortized discount of $4,905 and $10,993, respectively.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, income taxes and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not applicable.

Item 4. Controls and Procedures

Responsibility For Financial Information — Management is responsible for the preparation, accuracy, integrity and objectivity of the Consolidated Financial Statements and the other financial information included in this report. Such information has been prepared in conformity with accounting principles generally accepted in the United States of America and accordingly, includes certain amounts that represent management's best estimates and judgments. Actual amounts could differ from those estimates.

Responsibility for Internal Controls — Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. These internal controls consist of policies and procedures that are designed to assess and monitor the effectiveness of the control environment including: risk identification, governance structure, delegations of authority, information flow, communications and control activities. While no system of internal controls can ensure elimination of all errors and irregularities, Novo Energies Corporation's internal controls, which are reviewed and modified in response to changing conditions, have been designed to provide reasonable assurance that assets are safeguarded, policies and procedures are followed, transactions are properly executed and reported, and appropriate disclosures are made. The concept of reasonable assurance is based on the recognition that there are limitations in all systems of internal control and that the costs of such systems should be balanced with their benefits.

Report On Internal Control Over Financial Reporting — The Company's Chief Executive Officer and Chief Financial Officer have evaluated the Company' internal control over financial reporting as of March 31, 2011. This evaluation was based on criteria for effective internal control over financial reporting set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that the Company's internal control over financial reporting is not effective as of March 31, 2011 due to the following material weaknesses: (a) we have a single director, (b) we do not have an audit committee, and (c) there is no segregation of duties in connection with our accounting. The Company is striving to improve on timely reporting and financial controls. The Company has determined that the material weaknesses identified by the Chief Executive Officer and Chief Financial Officer were in effect for the entire year ended March 31, 2011. The Company recognizes the material weaknesses and is taking the following action to mitigate them: (1) we are adding two additional members to our Board of Directors, one being an outside director, (2) we have retained a local accounting firm to assist us in expediting our financial reporting process and (3) we continue to pursue new methods for making our financial reporting process more effective and efficient. The annual report did not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the company to provide only management's report in the annual report.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected or is reasonably likely to materially affect our internal controls over financial reporting.

Report On Disclosure Controls And Procedures — As of September 30, 2011, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, it concluded that the Company's disclosure controls and procedures are not effective in ensuring that information required to be disclosed in its periodic filings under the Exchange Act is accumulated and communicated to us to allow timely decisions regarding required disclosures, and such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

Not applicable.

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

During the six months ended September 30, 2011, the Company, under a private placement agreement, sold 10,500,000 shares of its common stock aggregating $525,000.

Subsequent to the quarter ended September 30, 2011 the Company through various private placements sold approximately 2,000,000 shares of its common stock at $0.05 per share aggregating $100,000.

On July 13, 2011, Sanders Ortoli Vaughn-Flan Rosenstadt, LLP, the Company's counsel, converted $100,000 of debt, owed to it for services rendered and expenses incurred prior to December 31, 2010, into 1,000,000 shares of the Company's common stock. While the Company has an obligation to issue these shares, as of November 18, 2011, it has not done so.

The shares mentioned above were issued in reliance on exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended. These transactions qualified for exemption from registration because among other things, the transactions did not involve a public offering, each investor was an accredited investor, each investor had access to information about our Company and their investment, each investor took the securities for investment and not resale, and we took appropriate measures to restrict the transfer of the securities.

Item 3. Defaults Upon Senior Securities.

On November 1, 2009, the Company issued a $242,000 promissory note to Caete Invest Trade, S.A. maturing on October 31, 2010. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the note plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price ("VWAP") of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing "VWAP" of common stock during the five days prior to the conversion date. The Company, in accordance with EITF 98-5 and 00-27, utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating $36,300 which was accreted monthly from the issuance date of the promissory note through maturity and was being recorded as additional interest expense. On February 4, 2010, $62,428 of the loan was repaid. The note is currently in default. At September 30, 2011 and March 31, 2011 and December 31, 2010, the loan balance is $179,572.

Item 4. (Removed and Reserved)

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit 31.1 Certification of Chief Executive Officer and Acting Principal Accounting Officer
Exhibit 32.1 Certification of Chief Executive Officer and Acting Principal Accounting Officer
Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 101
101.INS - XBRL Instance Document
101.SCH - XBRL Taxonomy Extension Schema Document
101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF - XBRL Taxonomy Extension Definition Linkbase Document
101.LAB - XBRL Taxonomy Extension Label Linkbase Document
101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

NOVO ENERGIES CORPORATION
(Registrant)

Date: November 21, 2011

/s/ Antonio Treminio
Antonio Treminio
Chief Financial Officer and Chief Executive Officer