Novo Energies Corp
Form 10-Q
August 23, 2010

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 June 30, 2010

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 Côte de Place d'Armes
Suite 64, Montréal 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 o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yeso 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 o Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 12, 2010: 39,965,624.

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 variat 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

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NOVO ENERGIES CORPORATION AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE FIRST QUARTER ENDED JUNE 30, 2010 AND 2009

CONTENTS

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

ASSETS

	June 30, 2010 (unaudited)	March 31, 2010
CURRENT ASSETS		
Cash	$155	$54,806
Miscellaneous receivable	-	3,674
Total current assets	155	58,480
Equipment, net	8,866	9,504
TOTAL ASSETS	$9,021	$67,984

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES		
Note Payable Caete Invest Trade, S.A.	$169,967	$163,215
Convertible Debenture	199,288	138,169
Accounts Payable	190,706	137,578
Accrued Interest	37,741	16,454
Accrued Professional Fees	57,605	23,170
Related party payables		
Accrued Rent	78,000	71,500
Accrued Consulting	89,873	88,580
Accrued Salaries and Taxes	32,163	26,228
Accrued Travel and Entertainment	91,021	59,451
Due to Chairman and CEO	58,589	15,596
Total Related Party Payables	349,646	261,355
Total current liabilities	$1,004,953	$739,941
LONG TERM LIABILITIES		
Note Payable Chief Executive Officer	151,826	148,782
STOCKHOLDERS' DEFICIT		
Common stock, par value $0.00001; 1,000,000,000 shares authorized, 34,836,739 and 34,345,152 issued and outstanding at June 30, 2010 and March 31, 2010, respectively	348	344
Additional paid-in capital	11,234,620	10,986,545
Accumulated deficit from prior operations	(8,521,904)	(8,521,904)
Accumulated deficit during development stage	(3,840,261)	(3,260,084)

Accumulated other comprehensive loss	(20,561)	(25,640)
Total Stockholders' Equity (Deficit)	(1,147,758)	(820,739)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$9,021	$67,984

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

	For the Three Months ended June 30, 2010	For the Three Months ended June 30, 2009	Period from inception of Development (October 7, 2008) to June 30, 2010
	(Unaudited)	(Unaudited)	(Unaudited)
OPERATING EXPENSES			
General and Administrative	$291,939	$207,030	$ 2,962,872
Research and Development	195,398		710,677
Interest Expense	92,202		164,592
Depreciation Expense	638		2,120
Total Expenses	580,177	207,030	3,840,261
NET LOSS	$580,177	$207,030	$ 3,840,261
NET LOSS PER SHARE (BASIC AND DILUTED)	$(0.02)	$(0.03)	$ (0.20)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	24,843,425	17,391,348	18,782,339

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

	For the Three Months Ended June 30, 2010 (Unaudited)	For the Three Months Ended June 30, 2009 (Unaudited)	Period from Inception of Development (October 7, 2008) to June 30, 2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$(580,177)	$(207,030)	$ (3,840,261)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Stock based compensation	228,085	48,333	1,785,146
Shares Issued in settlement agreement			114,995
Stock based compensation cancelled in consulting agreement	(90,000)	-	(90,000)
Note Payable Discount Amortization	70,915	-	126,820
Depreciation	638	-	2,120
Cash used in operating activities			-
Decrease (increase) in assets			
Miscellaneous Receivable	3,674		-
Increase (decrease) in liabilities			-
Accounts Payable	53,128	119,920	668,664
Accrued Interest	21,287		37,741
Accrued Professional Fees	34,435		46,971
Related party payables	88,291	38,777	262,146
Cash used in operating activities	(169,724)	-	(885,658)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Equipment		-	(10,986)
Cash used in investing activities	-	-	(10,986)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash provided by financing activities	-	-	-
Proceeds from Note Payable	-	-	242,000
Repayment of Note Payable		-	(62,428)
Proceeds from Convertible Debenture	-	-	491,667
Issuance of Common Stock	110,000	-	246,127
Cash provided by financing activities	110,000	-	917,366
Foreign Currency Translation Effect	5,073	-	(20,567)
NET INCREASE (DECREASE) IN CASH	(54,651)	-	155
CASH, BEGINNING OF PERIOD	54,806	-	-

CASH, END OF PERIOD	$155	$-	$ 155

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

	For the Three Months Ended June 30, 2010	For the Three Months Ended June 30, 2009	Period from Inception of Development (October 7, 2008) to June 30, 2010
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		-	$ 368,689
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)
Beneficial conversion feature of debenture		-	$ (80,592)
Debenture commitment shares		-	$ (368,689)

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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 months ended June 30, 2010 are not necessarily indicative of the results that may be expected for the year ending March 31, 2011. 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, 2010.

Nature of Business

Novo Energies Corporation (“Novo”) intends to own and operate recycling plants that will efficiently, economically, environmentally and profitably recycle scrap tires and plastics into energy and other commodities. The core of Novo’s technology to recycle tires and plastics into energy is 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, which does not involve combustion or any other reagents or other pollutants. As an interim step of Novo’s process, Novo will transform scrap tires and plastics into Synthesis gas (syngas), which then is used as a fuel for engines and turbines to produce electricity. The syngas may also be converted into transportation fuel or fuel additives using a standard catalyst-based process such as Fischer-Tropsch.

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.

Going Concern

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of $3,840,261 since inception of the development stage and has negative working capital of $995,932. Management’s plans include the raising of capital through equity markets to fund future operations and the generating of revenue through its business. Failure to raise adequate capital 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.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Foreign Currency Translation

The Company considers the Canadian dollar to be its functional currency. Assets and liabilities were translated into US dollars at year-end exchange rates. Statement of operations amounts were translated using the average rate during the year. Gains and losses resulting from translating foreign currency financial statements were included in accumulated other comprehensive gain or loss, a separate component of stockholders' deficit.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include investment instruments purchased with an original maturity of three months or less. There were no cash equivalents in 2010 or 2009.

Equipment and Depreciation

Equipment is stated at cost and is depreciated using the double declining balance method over the estimated useful lives of the respective assets. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized. When equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in operations.

Consolidated Financial Statements

The financial statements include the accounts and activities of Novo Energies Corporation and its wholly-owned Canadian subsidiary, WTL Renewable Energies, Inc. All inter-company transactions have been eliminated in consolidation.

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. During the period ended June 30, 2010, unvested
common shares of 2,108,338 issued for future consulting and implement contracts were excluded from EPS calculations as they were not considered issued for accounting purposes.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

Stock Based Compensation

The Company accounts for stock issued for services in accordance with Topic ASC 718 Compensation-Stock Compensation (formerly SFAS No. 123R “Share Based Payments”). Under this topic, the Black- Scholes pricing model is used to estimate the fair value of options and warrants issued. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based upon the fair value of the equity instruments issued.

Comprehensive Income

The Company adopted ASC 220-10, Reporting Comprehensive Income, (formerly SFAS No. 130). ASC 220-10 requires the reporting of comprehensive income in addition to net income from operations.

Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of information that historically has not been recognized in the calculation of net income.

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments. For the loans payable, the carrying amount reported is based upon the incremental borrowing rates otherwise available to the Company for similar borrowings.

Income Taxes

The Company accounts for income taxes utilizing the liability method of accounting. Under the liability method, deferred taxes are determined based on differences between financial statement and tax bases of assets and liabilities at enacted tax rates in effect in years in which differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to amounts that are expected to be realized.

Impairment of Long-Lived Assets

Long-lived assets, primarily fixed assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. The Company does perform a periodic assessment of assets for impairment in the absence of such information or indicators. Conditions that would necessitate an impairment assessment include a significant decline in the observable market value of an asset, a significant change in the extent or manner in which an asset is used, or a significant adverse change that would indicate that the carrying amount of an asset or group of assets is not recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if its carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and estimated fair value.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

In September 2006, ASC issued 820, Fair Value Measurements. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements.

In February 2007, ASC issued 825-10 The Fair Value Option for Financial Assets and Financial Liabilities-Including an Amendment of ASC 320-10, (“ASC 825-10”) which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date.

Uncertainty in Income Taxes

The Company follows ASC 740-10 Accounting for Uncertainty in Income Taxes (“ASC 740-10”). This interpretation requires recognition and measurement of uncertain income tax positions using a “more-likely-than-not” approach. ASC 740-10 is effective for fiscal years beginning after December 15, 2006. Management has adopted ASC 740-10 for 2009, and they evaluate their tax positions on an annual basis, and have determined that as of March 31, 2010, no additional accrual for income taxes other than the federal and state provisions and related interest and estimated penalty accruals are considered necessary.

Recent Accounting Pronouncements

In April 2010, the Financial Accounting Board issued Accounting Standards Update No. 2010-17, Milestone Method of Revenue Recognition, a Consensus of the FASB Emerging Issues Task Force. This standard provides guidance on defining a milestone and when it is appropriate to apply this standard in recognizing revenue from research and development transactions. In general, this standard permits recognition of revenue from research and development that is contingent upon achievement of one or more specified milestones defined in the research and development arrangements which meet specified criteria for such revenue recognition. This standard becomes effective for fiscal periods beginning after June 15, 2010 and early adoption is permitted. Management does not believe that adoption of this standard will have a material effect on the Company’s financial statements.

NOTE C - EQUIPMENT

The Company’s equipment is as follows at June 30, 2010:

		Estimated Life
Computer and office equipment	$10,986	5 years
Less: accumulated depreciation	2,120	
	$8,866	

NOTE D - 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 “Caete Note”). The note bears interest at the rate of 10% per annum and is payable at maturity. The Company’s Chief executive Officer has a beneficial ownership interest in Caete Invest Trade, S.A. 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

NOTE D - NOTE PAYABLE TO CAETE INVEST TRADE, S.A. (CONTINUED)

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 is being accreted monthly from the issuance date of the promissory note through maturity and is being recorded as additional interest expense. On February 4, 2010, $62,428 of the loan was repaid. Accordingly, at June 30, the loan balance is $169,967 net of the discount $9,605. On June 30, 2010, the Company modified the conversion feature to be convertible into common stock at a fixed price of $0.10 per share.

NOTE E - RELATED PARTY PAYABLES

At June 30, 2010, the related party payables of $349,646 consists of: (a) expenses paid by the Chief Executive Officer on behalf of the Company aggregating $58,589; (b) compensation due other consultants deemed to be shareholders aggregating $122,036; (c) expenses advanced by other shareholders in the amount of $91,021, primarily for travel related expenses; and (d) unpaid rent payable to companies owned and controlled by the Chief Executive Officer and his wife aggregating $78,000.

NOTE F - 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 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 $25,855 which will be accreted monthly from the issuance date of the promissory note through maturity and will be recorded as additional interest expense. Accordingly, at June 30, 2010, the balance of the loan is $151,826, net of the discount $20,538. On June 30, 2010, the Company modified the conversion feature to be convertible into common stock at a fixed price of $0.10 per share.

NOTE G - 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 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

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NOTE G - CONVERTIBLE DEBENTURE (CONTINUED)

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 will be accreted monthly from the issuance date of the Debenture through maturity and will be recorded as additional interest expense. Accordingly, at June 30, 2010, the loan balance is $199,288 net of the discount $300,712.

NOTE H - STOCKHOLDERS' EQUITY

On May 1, 2009, the Company issued 3,000,000 shares of its common stock to Andre L'Heureux as President of the Company in connection with his employment contract. The shares vest at the rate of 83,333 per month over a three year period. The shares were valued at $0.10 per share utilizing May 1, 2009 as the measurement date. Accordingly, stock based compensation in the amount of $25,000 has been recognized in the financial statements. On October 21, 2009, Mr. L'Heureux resigned as President and became Chief Technical Officer.

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 effective January 1, 2010. The additional shares were valued at $0.30 per share utilizing December 1, 2009 as the measurement date. Mr. Wolin shall now receive a total of 1,575,000 shares over the entire 3 year duration of the contract. Accordingly, stock based compensation in the amount of $37,500 has been recognized.

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 (the "ELSO Agreement"). 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 quarter.

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 (the "Tremblay Agreement"). 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 warrant cancelled was $0.16 per share and accordingly, stock based compensation in the amount of $12,525 has been recorded in the financial statements. On May 15, 2010, the Company terminated this contract.

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NOTE H - STOCKHOLDERS' EQUITY (CONTINUED)

On July 15, 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 will now 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. Accordingly stock based compensation in the amount of $66,000 has been recognized.

Effective October 23, 2009, the Company entered into an employment agreement with Hakim Zahar as the President of the Company (the "Zahar Agreement"). The agreement calls for a base salary of $10,000 per month with payments starting November 15, 2009. The executive shall 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 can be terminated by either party at will. In accordance with the terms of the contract, stock based compensation in the amount of $66,000 has been recognized based on the measurement date of October 23, 2009 at $0.44 per share. On May 28, 2010, the Company terminated the contract and agreed to compensate Mr. Zahar through February 15, 2010.

On November 1, 2009, the company entered into a consulting agreement with Philippe Germaine to provide investor relations and consulting services (the "Germaine Agreement"). In connection with the agreement, the Company will 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. In connection with the agreement, stock based compensation in the amount of $12,300 was recorded utilizing the measurement date of November 1, 2009. Mr. Germaine's contract was terminated on June 15, 2010.

At June 30, 2010, 1,059,039, common shares are included in outstanding shares which have not yet been issued by the Company.

On June 18, 2010, the Company, through a private placement offering, sold 1,100,000 units of its common stock at $0.10 per unit for a total of $110,000. Each unit consists of one share of the Company's common stock.

NOTE I - PROVISION FOR INCOME TAXES

Deferred income taxes are determined using the liability method for the temporary differences between the financial reporting basis and income tax basis of the Company's assets and liabilities. Deferred income taxes are measured based on the tax rates expected to be in effect when the temporary differences are included in the Company's tax return. Deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases.

At June 30, 2010, deferred tax assets consist of the following:

Net operating losses	$430,000
Valuation allowance	(430,000)
	$ -

NOTE I - PROVISION FOR INCOME TAXES (CONTINUED)

At June 30, 2010, the Company had a net operating loss carryforward in the approximate amount of $1,268,000 available to offset future taxable income through 2030. The Company established valuation allowances equal to the full amount of the deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

A reconciliation of the Company’s effective tax rate as a percentage of income before taxes and federal statutory rate for the periods ended March 31, 2010 and 2009 is summarized as follows:

	2010	2009
Federal statutory rate	(34.0)%	(34.0)%
State income taxes, net of federal benefits	3.3	3.3
Valuation allowance	30.7	30.7
	0 %	0 %

NOTE J - 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 following table summarizes the activity of the warrants issued by the Company:

	Number of Warrants	Exercise Price	Expiration Date
Balance March 31, 2009	0		
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	0		
Balance June 30, 2010	394,465		

NOTE K - WARRANTS

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 190.65 %	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 L - COMMITMENTS AND CONTINGENCIES

On May, 15, 2010, the Company entered into a consulting agreement with Pierre Paffenhoff to assist the company in developing a business strategy, an acquisition, strategy, developing sales and marketing strategies and other services. The consultant will be paid $1,500 per month. The agreement can be terminated on a 15 day notice by either party. The consultant will also be paid in cash 10% of proceeds from an equity or debt financing whereby he introduced the arrangement to the Company and 3% of the shares to be issued in any equity financing.

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 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 June 30, 2010, NEI has had minimal operating activity and therefore no value has been assigned to Novo's ownership interest.

On June 1, 2010, Faisal Farooq Butt was appointed interim President of the Company.

On June 7, 2010, the Company entered into a consulting agreement with Olga Finkelshteyn to assist the company in developing a public relations strategies, new investor awareness strategies and communications, future sales and marketing strategies, and other services. The consultant will be paid $2,000 per month. The agreement can be terminated on a 15 day notice by either party. The consultant will also be paid in stock based compensation of 5,000 common shares per month.

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 June 30, 2010, the Company amended its promissory note to Caete Invest Trade S.A. issued on November 1, 2009. Under the terms of the modification, the note is now convertible into common stock of the Company at a fixed price of $0.10 per share.

NOTE L - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On June 30, 2010, the Company amended its promissory note payable to the Chief Executive Officer issued on January 21, 2010. Under the terms of the modification, the note is now convertible into common stock of the Company at a fixed price of $0.10 per share.

NOTE M - SUBSEQUENT EVENTS

On July 2, 2010, the Board approved the issuance of 49,038 shares of its common stock to William Rosenstadt and Steven Sanders to comply with the consulting agreement dated May 1, 2009.

On July 15, 2010, the Company, through a private placement offering, sold 250,000 units of its common stock at $0.10 per unit for a total of $25,000. Each unit consists of one share of the Company's common stock.

On July 26, 2010, The Company entered into a Technology Collaboration Agreement (the "Agreement") with Precision Pipe and Vessel, LLC ("Precision"). Precision is currently operating a 2.5 ton daily capacity gasification facility ("Pilot Plant"). Precision has granted to the Company a worldwide exclusive license (the "Exclusive License") to identify and develop facilities designed to generate synthesis gases and liquid transportation fuels using two feedstock sources, tires and plastics, by employing Precision's proprietary gasification technology (the "Technology"). The Company is required to make certain capital contributions.

Precision has demonstrated that the Pilot Plant has the capacity to convert at least 2.5 tons of shredded tire feedstock per day into electrical energy ("Phase I"). Upon successful augmentation of Phase I, the Company intends to invest further into the Technology in order to increase the Pilot Plant's capacity to approximately 10 tons per day ("Phase II"). Upon achieving the results targeted in Phase II, the parties intend to increase the Pilot Plant's capacity to a full commercial scale facility.

The Company will sell all excess electrical energy generated pursuant to this Agreement to third parties.

Additionally, the Company is responsible for the delivery of shredded tire feedstock to the Pilot Plant, the removal of ash for disposal, and the potential sale of any scrap steel recovered from the continued operation of the Pilot Plant provided that the Company receives the gross proceeds of any such materials sold.

Under the Agreement, the Company is also granted a right of first refusal for any other offers by Precision or any third party to develop projects using the Technology in connection with tire and plastic feedstock (the "ROFR"). In the event Precision or any third party elect to pursue a project using the Technology with tire and plastic feedstock, Precision shall first present such opportunity to the Company. If the Company exercises its ROFR, then the Company shall exercise commercially reasonable diligence to pursue such project. If the Company does not exercise its ROFR, and if the opportunity relates to a project Precision intends to develop, then Precision shall pay the Company 2% of the gross revenue derived from the project. If the opportunity relates to a project a third party intends to develop, then Precision shall pay the Company 25% of gross revenue collected by Precision from such third party.

In consideration for granting the Exclusive License and ROFR, the Company shall: (1) pay the expenses of augmenting the Pilot Plant; and (2) grant up to five percent (5%) of the Company's common stock to Precision. One-half (equal to 2.5% of the outstanding) of such securities shall be immediately transferred to Precision while the remaining one-half (equal to 2.5% of the outstanding) shall be held in escrow by the Company's legal counsel pending completion of Phase III at which time such securities shall either

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NOTE M - SUBSEQUENT EVENTS (CONTINUED)

be released to Precision upon a successful completion or to the Company upon an unsuccessful completion. On August 10, 2010, The Board approved the issuance of 844,443 shares to Precision and will hold the remaining 844,443 in escrow.

The Company shall also pay Precision a royalty of 8% of the certain net profits derived from projects developed by the Company that employ the Technology, provided, however, that such royalty shall be no less than $200,000 per year.

All improvements made to the Technology by either party shall be owned by Precision.

Effective 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 structure, a capital strategy, and other services. The term of the agreement is one year. Compensation includes commitment shares of 1,500,000.

On August 3, 2010, the Company, through a private placement offering, sold 200,000 units of its common stock at $0.10 per unit for a total of $20,000. Each unit consists of one share of the Company's common stock.

On August 10, 2010, the Board approved the issuance of 1,200,000 shares of its common stock to its Chief Executive in accordance with his amended contract. The shares vest at the rate of 50,000 per month over a 24 month period commencing June 18, 2010.

Also on August 10, 2010, the Board approved the issuance of 200,000 shares of its common stock to Hakim Zahar, former President, in compliance with his employment agreement.

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

Novo Energies Corporation (“Novo”) intends to own and operate recycling plants that will efficiently, economically, environmentally and profitably recycle scrap tires and plastics into energy and other commodities. The core of Novo’s technology to recycle tires and plastics into energy is 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, which does not involve combustion or any other reagents or other pollutants. As an interim step of Novo’s process, Novo will transform scrap tires and plastics into Synthesis gas (syngas), which then is used as a fuel for engines and turbines to produce electricity. The syngas may also be converted into transportation fuel or fuel additives using a standard catalyst-based process such as Fischer-Tropsch.

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.

Novo formerly known as Atlantic Wine Agencies, Inc. (“Atlantic”) is organized under the laws of the State of Florida. Atlantic had vineyards and a winery in South Africa. The operations of Atlantic were spun-out to the stockholders in September 2008, and a change of control occurred on October 7, 2008 at which time the Company considered itself a Development Stage Company. The Company changed its name to Novo Energies Corporation on June 8, 2009. The 2008 Financial Statements have been reclassified to give effect to the discontinued operations.

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 plan is to plan, build, own, and operate renewable energy plants throughout North America.

On May 1, 2010, the ELSO 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 quarter.

On May 15, 2010, the Company terminated the Tremblay Agreement.

On May, 15, 2010, the Company entered into a consulting agreement with Pierre Paffenhoff to assist the company in developing a business strategy, an acquisition, strategy, developing sales and marketing strategies and other services. The consultant will be paid $1,500 per month. The agreement can be terminated on a 15 day notice by either party. The consultant will also be paid in cash 10% of proceeds from an equity or debt financing whereby he introduced the arrangement to the Company and 3% of the shares to be issued in any equity financing.

On May 28, 2010, the Company terminated the Zahar Agreement and agreed to compensate Mr. Zahar through February 15, 2010.

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, Antonio Treminio, and the Company's 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 June 30, 2010, NEI has had minimal operating activity and therefore no value has been assigned to Novo's ownership interest.

On June 1, 2010, Faisal Farooq Butt was appointed interim President of the Company.

On June 7, 2010, the Company entered into a consulting agreement with Olga Finkelshteyn to assist the company in developing a public relations strategies, new investor awareness strategies and communications, future sales and marketing strategies, and other services. The consultant will be paid $2,000 per month. The agreement can be terminated on a 15 day notice by either party. The consultant will also be paid in stock based compensation of 5,000 common shares per month.

The Germaine Agreement was terminated on June 15, 2010.

On June 18, 2010, the Company, through a private placement offering, sold 1,100,000 shares of its common stock at $0.10 per unit for a total of $110,000.

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.

At June 30, 2010, 1,059,039, common shares are included in outstanding shares which have not yet been issued by the Company.

On June 30, 2010, the Company amended its promissory note to Caete Invest Trade S.A. issued on November 1, 2009. Under the terms of the modification, the note is now convertible into common stock of the Company at a fixed price of $0.10 per share.

On June 30, 2010, the Company amended its promissory note payable to the Chief Executive Officer issued on January 21, 2010. Under the terms of the modification, the note is now convertible into common stock of the Company at a fixed price of $0.10 per share.

At June 30, 2010, the related party payables of $349,646 consists of: (a) expenses paid by the Chief Executive Officer on behalf of the Company aggregating $58,589; (b) compensation due other consultants deemed to be shareholders aggregating $122,036; (c) expenses advanced by other shareholders in the amount of $91,021, primarily for travel related expenses; and (d) unpaid rent payable to companies owned and controlled by the Chief Executive Officer and his wife aggregating $78,000.

Subsequent Events

On July 2, 2010, the Board approved the issuance of 49,038 shares of its common stock to William Rosenstadt and Steven Sanders to comply with the terms of the consulting agreement dated May 1, 2009.

On July 15, 2010, the Company, through a private placement offering, sold 250,000 units of its common stock at $0.10 per unit for a total of $25,000. Each unit consists of one share of the Company's common stock.

On July 26, 2010, The Company entered into a Technology Collaboration Agreement (the "Agreement") with Precision Pipe and Vessel, LLC ("Precision"). Precision is currently operating a 2.5 ton daily capacity gasification facility ("Pilot Plant"). Precision has granted to the Company a worldwide exclusive license (the "Exclusive License") to identify and develop facilities designed to generate synthesis gases and liquid transportation fuels using two feedstock sources, tires and plastics, by employing Precision's proprietary gasification technology (the "Technology"). The Company is required to make certain capital contributions.

Precision has demonstrated that the Pilot Plant has the capacity to convert at least 2.5 tons of shredded tire feedstock per day into electrical energy (“Phase I”). Upon successful augmentation of Phase I, the Company intends to invest further into the Technology in order to increase the Pilot Plant’s capacity to approximately 10 tons per day (“Phase II”). Upon achieving the results targeted in Phase II, the parties intend to increase the Pilot Plant’s capacity to a full commercial scale facility.

The Company will sell all excess electrical energy generated pursuant to this Agreement to third parties.

Additionally, the Company is responsible for the delivery of shredded tire feedstock to the Pilot Plant, the removal of ash for disposal, and the potential sale of any scrap steel recovered from the continued operation of the Pilot Plant provided that the Company receives the gross proceeds of any such materials sold.

Under the Agreement, the Company is also granted a right of first refusal for any other offers by Precision or any third party to develop projects using the Technology in connection with tire and plastic feedstock (the “ROFR”). In the event Precision or any third party elect to pursue a project using the Technology with tire and plastic feedstock, Precision shall first present such opportunity to the Company. If the Company exercises its ROFR, then the Company shall exercise commercially reasonable diligence to pursue such project. If the Company does not exercise its ROFR, and if the opportunity relates to a project Precision intends to develop, then Precision shall pay the Company 2% of the gross revenue derived from the project. If the opportunity relates to a project a third party intends to develop, then Precision shall pay the Company 25% of gross revenue collected by Precision from such third party.

In consideration for granting the Exclusive License and ROFR, the Company shall: (1) pay the expenses of augmenting the Pilot Plant; and (2) grant up to five percent (5%) of the Company’s common stock to Precision. One-half (equal to 2.5% of the outstanding) of such securities shall be immediately transferred to Precision while the remaining one-half (equal to 2.5% of the outstanding) shall be held in escrow by the Company’s legal counsel pending completion of Phase III at which time such securities shall either be released to Precision upon a successful completion or to the Company upon an unsuccessful completion. On August 10, 2010, The Board approved the issuance of 844,443 shares to Precision and will hold the remaining 844,443 in escrow.

The Company shall also pay Precision a royalty of 8% of the certain net profits derived from projects developed by the Company that employ the Technology, provided, however, that such royalty shall be no less than $200,000 per year.

All improvements made to the Technology by either party shall be owned by Precision.

Effective 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 structure, a capital strategy, and other services. The term of the agreement is one year. Compensation includes commitment shares of 1,500,000.

On August 3, 2010, the Company, through a private placement offering, sold 200,000 units of its common stock at $0.10 per unit for a total of $20,000. Each unit consists of one share of the Company’s common stock.

On August 10, 2010, the Board approved the issuance of 1,200,000 shares of its common stock to its Chief Executive in accordance with his amended contract. The shares vest at the rate of 50,000 per month over a 24 month period commencing June 18, 2010.

Also on August 10, 2010, the Board approved the issuance of 200,000 shares of its common stock to Hakim Zahar, former President, in compliance with his employment agreement.

RESULTS OF OPERATIONS

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of $3,840,261 since inception of the development stage and has negative working capital of $995,932. Management’s plans include the raising of capital through equity markets to fund future operations and the generating of revenue through its business. Failure to raise adequate capital 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- Three Months Ended June 30, 2010

The Company is currently developing its business, and as a result has no products or services to offer and no revenues. In developing its business, the Company has undertaken expenses that have resulted in a loss from operations of $580,177 in the three months ended June 30, 2010, as compared to a loss from operations of $207,030 in the corresponding period in 2009. Loss from operations consists of general and administrative expenses, which increased from $207,030 to $291,939 in the three month periods ended June 30, 2009 and 2010, research and development, which increased from $0 to $195,398 in the three month periods ended June 30, 2009 and 2010, and interest expense, which increased from $0 to $92,202 in the three month periods ended June 30, 2009 and 2010. Each of these increases is attributable to the development of the Company's technological processes.

LIQUIDITY AND CAPITAL RESOURCES

In connection with our current liabilities of $1,004,953 as at June 30, 2010, we had the note payable to Caete Invest Trade, S.A. of $169,967, a convertible debenture of $199,288 and accounts payable of $190,706.

At June 30, 2010, the related party payables of $349,646 consists of: (a) expenses paid by the Chief Executive Officer on behalf of the Company aggregating $58,589; (b) compensation due other consultants deemed to be shareholders aggregating $122,036; (c) expenses advanced by other shareholders in the amount of $91,021, primarily for travel related expenses; and (d) unpaid rent payable to companies owned and controlled by the Chief Executive Officer and his wife aggregating $78,000.

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.

RECENT ACCOUNTING PRONOUNCEMENTS

In April 2010, the Financial Accounting Board issued Accounting Standards Update No. 2010-17, Milestone Method of Revenue Recognition, a Consensus of the FASB Emerging Issues Task Force. This standard provides guidance on defining a milestone and when it is appropriate to apply this standard in recognizing revenue from research and development transactions. In general, this standard permits recognition of revenue from research and development that is contingent upon achievement of one or more specified milestones defined in the research and development arrangements which meet specified criteria for such revenue recognition. This standard becomes effective for fiscal periods beginning after June 15, 2010 and early adoption is permitted. Management does not believe that adoption of this standard will have a material effect on the Company's financial statements.

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 — Management has evaluated the Company' internal control over financial reporting as of June 30, 2010. 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 limited as of June 30, 2010 because we have a single director, we do not have an audit committee, there is no segregation of duties in connection with our accounting and the Company is striving to improve on timely replies and financial controls. This annual report does 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 temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

Report On Disclosure Controls And Procedures — As of June 30, 2010, 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.

On June 18, 2010, the Company, through a private placement offering, sold 1,100,000 units of its common stock at $0.10 per unit for a total of $110,000. Each unit consists of one share of the Company's common stock.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

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

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: August 20, 2010

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