

Novo Energies Corp
Form 10-Q
November 23, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2009

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
(State or other jurisdiction of
Identification No.)

65-1102237
(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).
Yes o No x

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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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 19, 2009: 24,952,338

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 variations 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
(FORMERLY ATLANTIC WINE AGENCIES INC. AND SUBSIDIARIES)

BALANCE SHEETS

ASSETS

| | September 30, 2009 Unaudited | March 31, 2009 |
|--|---------------------------------------|-------------------|
| TOTAL ASSETS | \$- | \$- |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES | | |
| Related parties payable | \$292,676 | \$101,120 |
| Accrued expenses | 206,781 | 10,634 |
| Payroll taxes payable | 2,119 | |
| Accounts Payable | 55,049 | |
| Miscellaneous payables | 1,378 | |
| Total current liabilities | 558,003 | 111,754 |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common stock, par value \$0.00001; 1,000,000,000 shares authorized, 25,656,338 and 17,152,338 issued and outstanding at September 30, 2009 and March 31, 2009, respectively | | |
| | 257 | 172 |
| Additional paid-in capital | 9,268,257 | 8,734,231 |
| Accumulated deficit | (9,826,517) | (8,846,157) |
| Total Stockholders'(Deficit) | (558,003) | (111,754) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$- | \$- |

See accompanying notes to financial statements.

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NOVO ENERGIES CORPORATION
(FORMERLY ATLANTIC WINE AGENCIES INC. AND SUBSIDIARIES)

STATEMENTS OF OPERATIONS

| | For the Three Months Ended September 30, | | For the Six Months Ended September 30, | |
|--|--|--------------|---|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (Unaudited) | | (Unaudited) | |
| OPERATING EXPENSES | | | | |
| Stock based compensation | \$405,628 | | \$453,961 | |
| Payroll and other related items | 43,056 | | 75,175 | |
| General and administrative | 324,646 | \$1,526 | 451,224 | \$239,063 |
| Total Expenses | 773,330 | 1,526 | 980,360 | 239,063 |
| LOSS FROM CONTINUING OPERATIONS | (773,330) | (1,526) | (980,360) | (239,063) |
| DISCONTINUED OPERATIONS (NET OF TAXES) | | | | |
| Loss from discontinued operations (net of tax of \$0) | - | (222,884) | - | (280,037) |
| Income (loss) from discontinued operations | - | (222,884) | - | (280,037) |
| NET INCOME (LOSS) | \$(773,330) | \$(224,410) | \$(980,360) | \$(519,100) |
| NET INCOME (LOSS) PER SHARE (BASIC AND DILUTED) | | | | |
| Continuing operations | \$(0.04) | \$(0.00) | \$(0.06) | \$(0.02) |
| Discontinued operations | - | (0.02) | - | (0.02) |
| Total | \$(0.04) | \$(0.02) | \$(0.06) | \$(0.04) |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING | 18,107,762 | 14,162,859 | 17,751,513 | 14,110,113 |

See accompanying notes to financial statements.

NOVO ENERGIES CORPORATION
(FORMERLY ATLANTIC WINE AGENCIES INC. AND SUBSIDIARIES)

STATEMENTS OF CASH FLOWS

| | For the Six Months Ended September 30, | |
|--|---|---------------|
| | 2009 | 2008 |
| | (Unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (980,360) | \$ (519,100) |
| Loss from discontinued operations | | 280,037 |
| Adjustments to reconcile net loss to cash provided by (used in) operating activities: | | |
| Stock based compensation | 453,961 | |
| Discontinued operations | | - |
| Continuing operations | | - |
| Cash used in operating activities-continuing operations: | - | - |
| Accounts Payable | 55,049 | |
| Related party payable | 191,556 | - |
| Accrued expenses | 199,644 | - |
| Cash used in operating activities-discontinued operations | | 239,063 |
| Cash used in operating activities | (80,150) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash provided by investing activities-continuing operations | - | - |
| Cash provided by investing activities-discontinued operations | - | - |
| Cash provided by (used in) investing activities | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash provided by financing activities-continuing operations | - | - |
| Issuance of Common Stock | 80,150 | |
| Cash provided by financing activities-continuing operations | 80,150 | |
| Cash provided by financing activities-discontinued operations | - | - |
| Cash provided by financing activities | 80,150 | |
| INCREASE IN CASH | - | - |
| CASH, BEGINNING OF YEAR | - | - |
| CASH, END OF YEAR | \$ - | \$ - |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| | NONE | |

See accompanying notes to financial statements.

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

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

Basis of Presentation

The accompanying 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 six months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending March 31, 2010. For further information, refer to the financial statements and footnotes thereto included in the Novo Energies Corporation annual report on Form 10-KSB for the year ended March 31, 2009.

Nature of Business

Novo Energies Corporation (“Novo”) is engaged in the development of green energy solutions. Novo is entering the business of transforming plastic and tire wastes into liquid fuel including but not limited to diesel, gasoline and fuel additives. It intends to utilize a process involving thermolysis and gasification among other technologies to produce low carbon fuels and fuel additives. Novo’s low capacity equipment can be installed near waste streams where there is a minimum of 15 tons/day of plastic and/or tire waste.

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. 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.

Going Concern

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of \$9,826,517 since inception and has negative working capital of \$558,003. 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

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

NOTE A - BASIS OF PRESENTATION, NATURE OF BUSINESS AND GOING CONCERN (CONTINUED)

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.

NOTE B - CHANGE OF CONTROL

Lusierna Asset Management Ltd. (“Lusierna”), as agent for a group of shareholders, has obtained a controlling interest in the Company’s common shares. Lusierna is an affiliate of Antonio Treminio who became the Company’s new sole Director, President, Chief Executive Officer and Chief Financial Officer on October 7, 2008. Lusierna, as agent, obtained an interest in approximately 50% of the Company’s common stock pursuant to a stock purchase agreement between Lusierna and Sapphire Development Ltd., Crazson Properties, Ltd. and Fairhurst Properties S.A. (“the Sellers”). Under the Share Purchase Agreement, the Sellers sold 6,930,258 shares of the Company’s common stock in exchange for \$200,000.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2009, the Accounting Standards Codification became FASB’s official recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public non-governmental entities, superseding existing FASB AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

The codification is effective for interim and annual periods ending after September 15, 2009. Its adoption had minimal impact on our results.

NOTE D - SIGNIFICANT ACCOUNTING POLICIES

Net Loss Per Common Share

The Company computes per share amounts in accordance with FASB ASC Topic 260, “Earnings per Share.” Earnings per share (EPS) 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 during the periods, however, no potential common shares are included in the computation of any diluted per share amounts when a loss from continuing operations exists. During the period ended September 30, 2009, unvested common shares in the amount of 6,818,753 issued for future consulting and employment contracts were excluded from the EPS calculation as they are not considered issued for accounting purposes.

NOTE E - USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

NOTE E - USE OF ESTIMATES (CONTINUED)

the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE F - RELATED PARTY PAYABLE

At September 30, 2009, the related party payable of \$292,676 represents the unpaid salary to the Chief Executive Officer of \$100,000, expenses paid by the Chief Executive Officer on behalf of the company aggregating \$150,144 and expenses advanced by other shareholders in the amount of \$42,532 related primarily to travel related expenses. Additionally, included in accrued expenses is \$39,000 for unpaid rent payable to Lusierna Asset Management, Ltd., a company controlled by the Chief Executive Officer.

NOTE G - 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. Accordingly, stock based compensation in the amount of \$41,667 has been recognized.

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 which will vest at the rate of 83,333 per month over a three year period. Accordingly, stock based compensation in the amount of \$41,667 has been recognized.

On May 1, 2009, the Company entered into an agreement with Jeffrey Wolin to provide managerial consulting service. 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. Accordingly, stock based compensation in the amount of \$6,250 has been recognized.

On May 1, 2009, the Company entered into an agreement with William Rosenstadt and Steven Sanders to assist the Company in developing business strategy, acquisition strategy, sales and marketing strategies, and other services mutually agreed to between the consultants 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. To date, 450,000 shares have been issued at \$0.10 per share. Accordingly, stock based compensation in the amount of \$18,750 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. In connection with the agreement, the Company issued 900,000 shares of its common stock at \$0.10 per share. The shares vest at the rate of 25,000 shares

per month. Accordingly, stock based compensation in the amount of \$12,500 has been recognized.

On June 23, 2009, the Board of Directors approved a 3-for-1 forward stock split. Accordingly, all share and per share amounts have been retroactively adjusted.

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

NOTE G - STOCKHOLDERS' EQUITY (CONTINUED)

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 that the Company issue 25,000 shares of its common stock at \$1.00 per share which will vest at the rate of \$2,083 per month over a 12 month period. Warrants of 200,000 were also issued valued at \$0.982 per warrant also to be vested over a 12 month period at \$16,366 per month. Accordingly, stock based compensation in the amounts of \$6,250 and \$49,100, respectively, have been recognized. The shares and the warrants have not yet been issued but are included in outstanding shares.

On July 1, 2009, the Company entered into a consulting agreement with Jenkins Hill International and its CEO, former US Congressman W. Curt Weldon, to provide business and sales strategies in connection with the agreement that the Company issue 250,000 shares of its common stock at \$1.00 per share which will vest at the time of issue. Accordingly, stock based compensation in the amounts of \$250,000 has been recognized. These shares have not yet been issued but have been included in outstanding shares.

On July 8, 2009, the Company sold, under a private placement agreement, 229,000 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 \$80,150 paid to the Company. The warrants were valued at \$.028 per unit using a modified binomial analysis and classified as additional paid in capital.

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 will issue 200,000 shares of its common stock at \$.93 per share. The shares will vest over an 18 month period. Accordingly stock based compensation in the amount of \$25,833 has been recognized.

At September 30, 2009; 704,000 common shares are included in outstanding shares although not yet issued.

NOTE H - COMMITMENTS AND CONTINGENCIES

On April 1, 2009, the Company entered into a lease with Lusierna Asset Management Ltd. which is controlled by the Chief Executive Officer. The lease is for a period of one year commencing April 1, 2009 with a monthly rent of \$6,500.

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 of 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 on May 8, 2009.

On May 1, 2009, the Company executed an employment agreement with Andre L'Heureux to be the Company's President and Chief Operating Officer. The agreement commenced immediately and can be terminated by either party

upon written notice. The agreement calls for a base salary of \$6,500 per month

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

NOTE H - COMMITMENTS AND CONTINGENCIES (CONTINUED)

effective August 1, 2009 and the issuance of 3,000,000 shares at \$0.10 per share of the Company's common stock which vests over a 36 month period. The executive will also participate in a Company stock option plan. The individual has since resigned the positions of President and Chief Operating officer and accepted employment as the company's Chief Technical Officer. All terms and conditions of the previous agreement remain in place.

On May 1, 2009, the Company entered into a consulting agreement with JMR Holdings, Inc. (a company controlled by Mr. Daniel Riquet, VP of Strategic Planning) to assist the company in developing a business strategy, an acquisition strategy, and a sales and marketing strategy. The agreement provides for a monthly retainer of \$6,500 effective May 1, 2009 and the issuance of 3,000,000 shares at \$0.10 per share of the Company's common stock which will vest over a 36 month period.

On May 1, 2009, the Company entered into an agreement with Jeffrey Wolin to provide managerial consulting services. The agreement provides for a monthly retainer of \$2,500 effective July 1, 2009 and the issuance of 450,000 shares at \$0.10 per share which vest over a 36 month period.

On May 1, 2009, the Company entered into an agreement with William Rosenstadt and Steven Sanders to assist the Company in developing business strategies, acquisition strategies, sales and marketing strategies and other services as mutually agreed to between consultant and Company. The agreement calls for the issuance of 499,038 shares of common stock for the period May 1, 2009 to April 30, 2010. On May 8, 2009, 450,000 shares were issued and valued at \$0.10 per share.

On June 29, 2009, the Company entered into a consulting agreement with Jenkins Hill International and its CEO, former US Congressman W. Curt Weldon, to provide business and sales strategies. The agreement provides for a retainer of \$10,000 upon execution of the agreement, \$3,000 per month for the period July 1, 2009 to December 31, 2009, \$5,000 per month for the period January 1, 2010 to June 30, 2010, and the issuance of 250,000 shares of the Company's common stock.

On July 1, 2009, the Company entered into a consulting agreement with the Group Marcall Tremblay, to provide consulting services relating to sales and business strategies. The agreement provides for a monthly retainer of \$3,000 per month for the period July 1, 2009 to December 31, 2009 and \$5,000 per month for the period January 1, 2010 to June 1, 2010, the issuance of 25,000 shares of the Company's common stock, the issuance of 200,000 warrants with an exercise price of \$0.35 per share, a 5% perpetual royalty based upon income received from all operations, and 5% of all cash received by the Company from direct investment made as a result of introduction.

On July 1, 2009, the Company entered into a consulting agreement with Faisal Farooq Butt to provide consulting service relating to corporate strategies as well as sales and marketing strategies for the period July 1, 2009 to December 31, 2010. In connection with the agreement, the company will provide a retainer of \$3,000 per month effective July 1, 2009 and \$4,500 per month when the Company completes a successful private placement in excess of \$3,000,000. The agreement also provides for the issuance of 200,000 shares of the Company's common stock to vest pro rata over 18 months.

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NOVO ENERGIES CORPORATION

(FORMERLY ATLANTIC WINE AGENCIES, INC. AND SUBSIDIARIES)

NOTES TO FINANCIAL STATEMENTS

September 30, 2009 (Unaudited)

NOTE H - COMMITMENTS AND CONTINGENCIES (CONTINUED)

On July 10, 2009, the Company entered into an employment agreement with its Chief Executive Officer with an effective date of September 22, 2008, which can be terminated by either party for any reason at will. The agreement calls for a monthly salary of \$10,000. The Company intends to create an incentive stock option plan and award stock options equal to 5% of the Company's issued and outstanding common stock at the date of the agreement. The options will be awarded based upon deferred objectives to be achieved.

NOTE I - SUBSEQUENT EVENTS

Effective October 23, 2009, the Company entered into an employment agreement with Hakim Zahar as the President of the Company. The agreement calls for base salary of \$10,000 per month with first payment starting November 15, 2009. The executive shall receive a minimum of 50,000 stock options per month starting on the effective date of this agreement. This agreement can be terminated by either party at will.

In October 2009, the Company entered into an agreement with Colorado Tire Recycling, LLC for the purchase and sale of tire derived fuel chips. The agreement is for 5 years effective January 1, 2010 with a 5 year extension option. The initial payment of \$20,000 due December 1, 2009 is contingent upon the completion of due diligence.

In October 2009, the Company agreed to sell 15,000,000 units at \$0.35/unit, each unit consisting of 1 share and 1 common stock warrant for each 2 shares of common stock purchased. Subscription agreements dated October 29, 2009 and November 1, 2009 to acquire 30,000 units for an aggregate purchase price of \$10,500 per each agreement were received.

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

Novo Energies Corporation (“Novo”) formerly known as Atlantic Wine Agencies, Inc. (“Atlantic”) is organized under the laws of the State of Florida. Novo is commencing to develop a new process to transform plastic and tire waste products into liquid fuels such as diesel, gasoline and fuel additives combining thermalysis and gasification among other processes. 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. 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.

RESULTS OF OPERATIONS

As indicated in the accompanying financial statements, the Company has incurred cumulative net operating losses of \$9,826,517 from inception to September 30, 2009 and has negative working capital as of September 30, 2009 of \$558,003. 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 September 30, 2009

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 continuing operations of \$773,330 in the three months ended September 30, 2009, as compared to a loss from continuing operations of \$1,526 in the corresponding period in 2008. Loss from continuing operations consists of stock-based compensation, which increased from \$0 to \$405,628 in the three month periods ended September 30, 2008 and 2009, payroll and other related items, which increased from \$0 to \$43,056 in the three month periods ended September 30, 2008 and 2009, and general and administrative expenses, which increased from \$1,526 to \$324,646 in the three month periods ended September 30, 2008 and 2009. Each of these increases is attributable to the Company having no continuing operations in three month period ended September 30, 2008 as opposed to the developing one it was undertaking in the 2009 period.

Results of Operation- Six Months Ended September 30, 2009

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 continuing operations of \$980,360 in the six months ended September 30, 2009, as compared to a loss from continuing operations of \$239,063 in the corresponding period in 2008. Loss from continuing operations consists of stock-based compensation, which increased from \$0 to \$453,961 in the six month periods ended September 30, 2008 and 2009, payroll and other related items, which increased from \$0 to \$75,175 in the six month periods ended September 30, 2008 and 2009, and general and administrative expenses, which increased from \$239,063 to \$451,224 in the six month periods ended September 30, 2008 and 2009. Each of these increases is attributable to the Company having no continuing operations in six month period ended September 30, 2008 as opposed to the developing one it

was undertaking in the 2009 period.

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LIQUIDITY AND CAPITAL RESOURCES

In connection with our current liabilities of \$558,003 as at September 30, 2009, we had accrued expenses of \$206,781, related party payables of \$292,676 and accounts payable of \$55,049.

At September 30, 2009, the related party payable of \$292,676 represents the unpaid salary to the Chief Executive Officer of \$100,000, expenses paid by the Chief Executive Officer on behalf of the company aggregating \$150,144 and expenses advanced by other shareholders in the amount of \$42,532 related primarily to travel related expenses. Additionally, included in accrued expenses is \$39,000 for unpaid rent payable to Lusierna Asset Management, Ltd., a company controlled by the Chief Executive Officer.

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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2009, the Accounting Standards Codification became FASB's official recognized source of authoritative U.S. generally accepted accounting principles applicable to all public and non-public non-governmental entities, superseding existing FASB AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

The codification is effective for interim and annual periods ending after September 15, 2009. Its adoption had minimal impact on our results.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not applicable

Item 4. – Controls and Procedures

(a) Disclosure Controls and Procedures.

As of the end of the period covering this Form 10-Q, we evaluated the effectiveness of the design and operation of our “disclosure controls and procedures”. We conducted this evaluation under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer.

(i) Definition of Disclosure Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed with the objective of ensuring that information required to be disclosed in our periodic reports filed under the Exchange Act, such as this report, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. As defined by the SEC, such disclosure controls and procedures are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, in such a manner as to allow timely disclosure decisions.

(ii) Conclusions with Respect to Our Evaluation of Disclosure Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer determined that, as of the end of the period covered by this report, these controls and procedures are adequate and effective in alerting them in a timely manner to material information relating to us required to be included in our periodic SEC filings.

(b) Changes in Internal Controls.

There have been no changes in our internal controls over financial reporting that could significantly affect these controls subsequent to the date of their evaluation.

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 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 that the Company issue 25,000 shares of its common stock at \$1.00 per share which will vest at the rate of \$2,083 per month over a 12 month period. Warrants of 200,000 were also issued valued at \$0.982 per warrant also to be vested over a 12 month period at \$16,366 per month. Accordingly, stock based compensation in the amounts of \$6,250 and \$49,100, respectively, have been recognized. The shares and the warrants have not yet been issued but are included in outstanding shares.

On July 1, 2009, the Company entered into a consulting agreement with Jenkins Hill International and its CEO, former US Congressman W. Curt Weldon, to provide business and sales strategies in connection with the agreement that the Company issue 250,000 shares of its common stock at \$1.00 per share which will vest at the time of issue. Accordingly, stock based compensation in the amounts of \$250,000 has been recognized. These shares have not yet been issued but have been included in outstanding shares.

On July 8, 2009, the Company sold, under a private placement agreement, 229,000 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 \$80,150 paid to the Company. The warrants were valued at \$.028 per unit using a modified binomial analysis and classified as additional paid in capital.

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 will issue 200,000 shares of its common stock at \$.93 per share. The shares will vest over an 18 month period. Accordingly stock based compensation in the amount of \$25,833 has been recognized.

The above noted shares were issued in private, isolated transactions without registration under the Securities Act of 1933 (the "Securities Act"). The shares were issued in reliance on the exemption provided by Rule 506 and/or Section 4(2) of the Securities Act as a transaction by an issuer not involving a public offering to Consultants or to companies owned or controlled by Consultants or Officers of the Company.

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

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 23, 2009

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

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