

Immunovative, Inc.
Form 10-Q
February 19, 2013

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 December 31, 2012

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

IMMUNOVATIVE, INC.
(f/k/a 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)

39 Old Ridgebury Road
Danbury, CT 06180
(Address of principal executive offices) (Zip Code)

(917) 796-9926
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered under Section 12(g) of the Exchange Act:
Common Stock, \$.00001 Par Value

(Title of class)

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

Edgar Filing: Immunovative, Inc. - Form 10-Q

subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See definition 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 by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 14, 2013 the registrant had 214,635,984 shares of its Common Stock, \$0.00001 par value, outstanding.

TABLE OF CONTENTS

| PART I. FINANCIAL STATEMENTS | | Pages |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| <u>Item 1.</u> | <u>CONSOLIDATED FINANCIAL STATEMENTS:</u> | 3 |
| | <u>Consolidated Balance Sheets as of December 31, 2012 (unaudited) and March 31, 2012</u> | 3 |
| | <u>Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended December 31, 2012 and 2011, and for the period December 12, 2011 (inception of development) to December 31, 2012 (unaudited)</u> | 4 |
| | <u>Consolidated Statements of Cash Flows for the nine months ended December 31, 2012 and 2011, and for the period December 12, 2011 (inception of development) to December 31, 2012 (unaudited)</u> | 5 |
| | <u>Consolidated Statement of Stockholders' Equity (Deficit) for the year ended March 31, 2012 and for the nine months ended December 31, 2012 (unaudited)</u> | 7 |
| | <u>Notes to Consolidated Financial Statements (unaudited)</u> | 9 |
| <u>Item 2.</u> | <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u> | 20 |
| <u>Item 3.</u> | <u>QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK</u> | 22 |
| <u>Item 4.</u> | <u>CONTROLS AND PROCEDURES</u> | 22 |
| PART II. OTHER INFORMATION | | |
| <u>Item 1.</u> | <u>LEGAL PROCEEDINGS</u> | 24 |
| <u>Item 1A.</u> | <u>RISK FACTORS</u> | 24 |
| <u>Item 2.</u> | <u>UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS</u> | 24 |
| <u>Item 3.</u> | <u>DEFAULTS UPON SENIOR SECURITIES</u> | 28 |
| <u>Item 4.</u> | <u>MINE SAFETY DISCLOSURES</u> | 28 |
| <u>Item 5.</u> | <u>OTHER INFORMATION</u> | 28 |
| <u>Item 6.</u> | <u>EXHIBITS</u> | 28 |

ITEM 1 FINANCIAL STATEMENTS

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

| | December 31, 2012 (unaudited) | March 31, 2012 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$70,871 | \$619,624 |
| Other receivables | 109,900 | - |
| Prepaid expenses | 27,191 | 12,263 |
| Total current assets | 207,962 | 631,887 |
| Advances to Immunovative Therapies, Ltd. for future stock ownership | 3,484,214 | 819,164 |
| Less: Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership | (3,484,213) | (819,163) |
| Advances to Immunovative Therapies, Ltd. for future stock ownership, net | 1 | 1 |
| Equipment, net | 31,163 | 36,468 |
| Intangible assets - domain name | 32,893 | - |
| Total assets | \$272,019 | \$668,356 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Current liabilities: | | |
| Note payable Caete Invest & Trade, S.A. | \$- | \$179,572 |
| Note payable to JMJ Financial | 115,910 | - |
| Accounts payable | 291,168 | 208,644 |
| Accrued interest | - | 77,847 |
| Accrued expenses | 114,850 | 18,172 |
| Accrued professional fees | 46,990 | 145,822 |
| Related party payables | | |
| Accrued salaries and taxes | 47,258 | 39,412 |
| Due to former chairman and chief executive officer | 106,500 | 16,500 |
| Note payable to former chairman and chief executive officer | - | 52,364 |
| Total current liabilities | 722,676 | 738,333 |
| Stockholders' equity (deficit) | | |
| Common stock, par value \$0.00001; 1,000,000,000 shares authorized, 206,576,174 and 116,667,888 issued and outstanding at December 31, 2012 and March 31, 2012, respectively | 2,066 | 1,166 |

Edgar Filing: Immunovative, Inc. - Form 10-Q

| | | |
|------------------------------------------------------|--------------|--------------|
| Additional paid-in capital | 28,594,318 | 20,770,505 |
| Accumulated deficit from prior operations | (16,244,237) | (16,244,237) |
| Accumulated deficit during development stage | (12,802,804) | (4,595,168) |
| Accumulated other comprehensive loss | - | (2,243) |
| Total stockholders' equity (deficit) | (450,657) | (69,977) |
| Total liabilities and stockholders' equity (deficit) | \$272,019 | \$668,356 |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited)

| | For the Three Months ended | | For the Nine Months ended | | Period from |
|--------------------------------------------------------------------------------------------|----------------------------|--------------|---------------------------|----------------|-----------------|
| | December 31, | | December 31, | | December 12, |
| | 2012 | 2011 | 2012 | 2011 | 2011 |
| | | | | | (Inception of |
| | | | | | Development) |
| | | | | | to December |
| | | | | | 31, 2012 |
| Operating expenses | | | | | |
| General and administrative | \$2,703,686 | \$- | \$5,479,420 | \$- | \$9,246,852 |
| Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership | 885,000 | - | 2,714,049 | - | 3,533,213 |
| Depreciation expense | 587 | - | 8,245 | - | 10,913 |
| Total operating expenses | 3,589,273 | - | 8,201,714 | - | 12,790,978 |
| Loss from operations | (3,589,273) | - | (8,201,714) | - | (12,790,978) |
| Other expense | | | | | |
| Interest expense | (3,410) | - | (5,922) | - | (11,826) |
| Total other expense | (3,410) | - | (5,922) | - | (11,826) |
| Loss from continuing operations | (3,592,683) | - | (8,207,636) | - | (12,802,804) |
| Discontinued operations | | | | | |
| Loss from operations of discontinued operations | - | (325,080) | - | (1,650,711) | - |
| Net loss | (3,592,683) | (325,080) | (8,207,636) | (1,650,711) | (12,802,804) |
| Other comprehensive income | | | | | |
| Translation adjustment | (5,706) | (4,075) | - | 2,751 | - |
| Comprehensive loss | \$(3,598,389) | \$(329,155) | \$(8,207,636) | \$(1,647,960) | \$(12,802,804) |
| Net loss per share (basic and diluted) | | | | | |
| Loss from continuing operations | \$(0.02) | \$- | \$(0.05) | \$- | |
| Loss from discontinued operations | \$- | \$(0.01) | \$- | \$(0.02) | |
| Net loss per share | \$(0.02) | \$(0.01) | \$(0.05) | \$(0.02) | |

Weighted average common shares
outstanding

| | | | | |
|-------------------|-------------|------------|-------------|------------|
| Basic and diluted | 196,957,424 | 65,754,202 | 156,677,929 | 71,844,174 |
|-------------------|-------------|------------|-------------|------------|

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| | For the Nine Months Ended | | Period from December 12, 2011 (Inception of Development) to December 31, 2012 |
|--------------------------------------------------------------------------------------|------------------------------|---------------|----------------------------------------------------------------------------------------------------|
| | December 31, 2012 | 2011 | 2012 |
| Cash flows from operating activities | | | |
| Net loss | \$(8,207,636) | \$(1,650,711) | \$(12,802,804) |
| Loss from discontinued operations | - | 1,650,711 | - |
| Adjustments to reconcile net loss to cash provided | | | |
| by (used in) operating activities: | | | |
| Stock-based compensation | 2,924,227 | - | 6,076,523 |
| Amortization of loan discount | 3,410 | - | 3,410 |
| Shares issued in Settlement Agreement | - | - | 153,000 |
| Impairment of advances to Immunovative Therapies, LTD, for future stock ownership | 2,665,050 | - | 3,484,214 |
| Depreciation and amortization | 8,245 | - | 10,913 |
| Decrease (increase) in assets | | | |
| Other receivables | (109,900) | - | (109,900) |
| Prepaid expenses | (14,928) | - | (10,434) |
| Increase (decrease) in liabilities | | | |
| Accounts payable | 147,524 | - | 131,082 |
| Accrued payroll taxes | 7,846 | - | (10,202) |
| Accrued interest | (31,600) | - | (20,152) |
| Accrued expenses | 96,678 | - | 114,850 |
| Accrued professional fees | (98,832) | - | (283,288) |
| Related party payables | 90,000 | - | 9,616 |
| Discontinued operations | - | (723,753) | - |
| Cash used in operating activities | (2,519,916) | (723,753) | (3,253,172) |
| Cash flows from investing activities | | | |
| Purchase of equipment | (2,940) | - | (23,820) |
| Purchase of intangible asset - domain name | (7,893) | - | (7,893) |
| Advances to Immunovative Therapies LTD, for future stock ownership | (2,665,050) | - | (3,484,214) |
| Discontinued operations | - | (12,700) | - |
| Cash used in investing activities | (2,675,883) | (12,700) | (3,515,927) |
| Cash flows from financing activities | | | |

Edgar Filing: Immunovative, Inc. - Form 10-Q

| | | | |
|--------------------------------------------------------------|------------|-----------|------------|
| Note payable to JMJ Financial | 150,000 | - | 150,000 |
| Repayment of note payable to former chief executive officer | (52,364) | (45,000) | (125,503) |
| Sale of common stock | 5,191,123 | 923,015 | 7,261,480 |
| Proceeds from note payable to former chief executive officer | - | 16,500 | - |
| Commissions paid on sale of common stock | (643,956) | - | (643,956) |
| Cash provided by financing activities | 4,644,803 | 894,515 | 6,642,021 |
| Foreign currency translation effect | 2,243 | 2,751 | 28,406 |
| Net increase / (decrease) in cash | (548,753) | 160,813 | (98,672) |
| Cash, beginning of period | 619,624 | 8,730 | 169,543 |
| Cash, end of period | \$70,871 | \$169,543 | \$70,871 |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

| | For the Nine Months Ended | | Period from December 12, 2011 (Inception of Development) to December 31, 2012 |
|------------------------------------------------------------------------------|---------------------------|---------------|----------------------------------------------------------------------------------------------------|
| | December 31, 2012 | 2011 | |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | | |
| Interest and Taxes Paid | \$- | \$ - | \$ - |
| NON CASH ITEMS | | | |
| Conversion of accounts payable to common stock | \$(65,000) | \$ - | \$ (65,000) |
| Conversion of note payable - Caete Invest & Trade, S.A. to common stock | \$(179,572) | \$ - | \$ (179,572) |
| Issuance of common stock to settle commissions on private placement offering | \$(689,000) | \$ - | \$ (689,000) |
| Conversion of accrued interest on Caete Invest & Trade, S.A. to common stock | \$(46,247) | \$ - | \$ (46,247) |
| Purchase of intangible asset - domain name with common stock | \$(25,000) | \$ - | \$ (25,000) |
| 10% convertible debenture | \$- | \$ (575,000) | \$ - |
| Accrued interest | \$- | \$ (100,215) | \$ - |
| Accrued rent | \$- | \$ (78,000) | \$ - |
| Issuance of common stock | \$88 | \$ 74 | \$ 88 |
| Additional paid in capital | \$1,004,731 | \$ 755,141 | \$ 1,004,731 |
| Beneficial Conversion feature | \$(37,500) | \$ - | \$ (37,500) |
| Additional paid in capital | \$37,500 | \$ - | \$ 37,500 |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
For the year ended March 31, 2012 and for the nine months ended December 31, 2012

| | Number of shares | Amount | Additional paid-in capital | Deficit accumulated from prior operations | Deficit accumulated during the development stage | Accumulated other comprehensive income (loss) | Total stockholders' deficit |
|------------------------------------------------------------------------------------|---------------------|--------|----------------------------------|----------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------|
| Balance March 31, 2011 | 53,245,238 | \$ 532 | \$ 12,976,186 | \$ (14,593,526) | | \$ (31,157) | \$ (1,647,965) |
| Sale of common stock under private placement agreements at \$0.10 per share | 22,853,560 | 229 | 2,285,127 | | | | 2,285,356 |
| Sale of common stock under private placement agreements at \$0.05 per share | 13,450,000 | 134 | 672,366 | | | | 672,500 |
| Issuance of shares under consulting agreements between \$0.10 and \$0.14 per share | 14,845,000 | 148 | 2,008,152 | | | | 2,008,300 |
| Issuance of shares in connection with settlement agreements at \$0.14 per share | 1,565,000 | 16 | 199,484 | | | | 199,500 |
| Vesting of stock based compensation | | | 137,247 | | | | 137,247 |
| Conversion of accrued expense to common stock | 709,090 | 7 | 77,993 | | | | 78,000 |
| | 10,000,000 | 100 | 1,013,950 | | | | 1,014,050 |

| | | | | | | | |
|---------------------------------------------------------------------------------------------|-------------|----------|---------------|-----------------|----------------|-------------|--------------|
| Conversion of convertible debt to common stock | | | | | | | |
| Issuance of stock options | | | 1,400,000 | | | | 1,400,000 |
| Net loss for the period from April 1, 2011 to December 11, 2011 | | | | (1,650,711) | | | (1,650,711) |
| Net loss for the period from December 12, 2011 (inception of development) to March 31, 2012 | | | | | (4,595,168) | | (4,595,168) |
| Translation adjustment | | | | | | 28,914 | 28,914 |
| Balance March 31, 2012 | 116,667,888 | \$ 1,166 | \$ 20,770,505 | \$ (16,244,237) | \$ (4,595,168) | \$ (2,243) | \$ (69,977) |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

For the year ended March 31, 2012 and for the nine months ended December 31, 2012

| | Number of shares | Amount | Additional paid-in capital | Deficit accumulated from prior operations | Deficit accumulated during the development stage | Accumulated other comprehensive income (loss) | Total stockholders' deficit |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|--------|----------------------------------|----------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|-----------------------------------|
| Sale of common stock under private placement agreements at \$0.10 to \$0.15 per share | 48,844,286 | 490 | 5,190,632 | | | - | 5,191,122 |
| Amendment to former chief executive officer's employment agreement at \$0.10 per share | 2,500,000 | 25 | 249,975 | | | | 250,000 |
| Issuance of shares under consulting contract for strategic planning officer at \$0.10 per share | 2,500,000 | 25 | 249,975 | | | | 250,000 |
| Issuance of shares to purchase domain name at \$0.125 per share | 200,000 | 2 | 24,998 | | | | 25,000 |
| Issuance of shares under consulting contracts at \$0.10 to \$0.29 per share during the period April 1, 2012 to December 31, | 21,699,000 | 217 | 1,108,011 | | | | 1,108,228 |

| | | | | |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|----|------------|------------|
| 2012, net of vesting amortization | | | | |
| Issuance of shares to convert Caete Invest & Trade, S.A. debt under conversion agreement | 2,720,000 | 27 | 225,792 | 225,819 |
| Conversion of accounts payable at \$0.10 per share | 650,000 | 6 | 64,994 | 65,000 |
| Stock issued for commissions under private placement agreements | 5,415,000 | 54 | 688,946 | 689,000 |
| Commission expense paid with stock issuances under private placements | | | (689,000) | (689,000) |
| Commission paid under private placement agreements in cash | | | (643,956) | (643,956) |
| Issuance of shares to CEO under employment contract for achieving capital raise goal of \$7,500,000 at \$0.25 per share | 2,500,000 | 25 | 624,975 | 625,000 |
| Issuance of shares to former CEO under employment contract for achieving capital raise goal of \$7,500,000 at \$0.25 per share | 2,500,000 | 25 | 624,975 | 625,000 |

| | | | | | | | |
|--------------------------------------------------------------------------------------|-------------|----------|---------------|-----------------|-----------------|--------------|---------------|
| Issuance of shares to CEO in lieu of salary at a price of \$0.17 to \$0.24 per share | 180,000 | 2 | 35,998 | | | | 36,000 |
| Issuance of shares to JMJ Financial to obtain loan at \$0.15 per share | 200,000 | 2 | 29,998 | | | | 30,000 |
| Beneficial conversion feature related to JMJ financial | | | 37,500 | | | | 37,500 |
| Translation adjustment | | | | | | 2,243 | 2,243 |
| Net loss for the nine months ended December 31, 2012 | | | | | | (8,207,636) | (8,207,636) |
| Balance at December 31, 2012 | 206,576,174 | \$ 2,066 | \$ 28,594,318 | \$ (16,244,237) | \$ (12,802,804) | \$ - | \$ (450,657) |

See accompanying notes to unaudited consolidated financial statements.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

NOTE 1 - NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

The Company, prior to December 12, 2011, was involved in the business of exploiting new technologies for the production of clean energy. In May 2011, the Company had entered into an exclusive memorandum of understanding with Immunovative Therapies, Ltd. (“ITL”) (an Israeli company) whereby the Company would acquire a subsidiary of ITL. On December 12, 2011, the Company terminated this memorandum of understanding and entered into a License Agreement (the “License Agreement”) with ITL, pursuant to which the Company received an immediate exclusive and worldwide license to commercialize all the Licensed Products based on ITL’s current and future patents and a patent in-licensed from the University of Arizona. The license granted covers two experimental products for the treatment of cancer in clinical development called AlloStim™ and Allo Vax™ (“Licensed Products”). On May 8, 2012, the Company changed its name to Immunovative, Inc. to better reflect its new direction on the development and commercialization of the next generation of immunotherapy treatments.

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 12, 2011 between the Company and ITL (the “ITL Notice”), along with alleged damages. It is the Company’s position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013, and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

While this matter is being litigated in Federal District Court, the Company is seeking a merger and/or acquisition candidate and is confident the Company will remain in the bio-medical industry regardless of the outcome of the litigation with ITL.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL’s share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) for interim financial statement presentation and in accordance with Form 10-Q. Accordingly, they do not include all of the information and footnotes required in annual financial statements. In the opinion of management, the unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position and results of operations and cash flows. The results of operations presented are not necessarily indicative of the results to be expected for any other interim period or for the entire year.

These unaudited consolidated financial statements should be read in conjunction with our 2012 annual financial statements included in our Form 10-K, filed with the U.S. Securities and Exchange Commission (“SEC”) on July 16, 2012.

Certain amounts at March 31, 2012 and for the three months ended December 31, 2011 have been reclassified to be consistent with the current period.

Going Concern

As indicated in the accompanying consolidated financial statements, the Company has incurred net operating losses of \$8,207,636 primarily from stock-based compensation (\$2,924,227) and an impairment of advances for future stock purchase to ITL (\$2,714,049) for the nine months ended December 31, 2012. Since inception of development stage, the Company has incurred net losses of \$12,802,804. Management’s plans include the raising of capital through equity markets to fund future operations and a successful merger with an operating company. Failure to raise adequate capital, complete a successful merger 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, complete a successful merger 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 consolidated 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 consolidated 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.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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

Commencing with the quarter ended June 30, 2012, the Company considers the U.S. dollar to be its functional currency. Prior to March 31, 2012, the Company considered the Canadian dollar to be its functional currency. Assets and liabilities were translated into U.S. 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.

Equipment and Depreciation

Equipment is stated at cost and is depreciated using the straight line 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.

Intangible Asset

Intangible asset, consisting of a domain name, is stated at cost and has been determined to have an indefinite useful life. As such, it is not amortized but tested for impairment annually or whenever circumstances indicate the carrying amount may not be recoverable.

Consolidated Financial Statements

The financial statements include the accounts and activities of Immunovative, Inc. and its wholly-owned Canadian subsidiary, Immunovative Canada, Inc. (formerly known as 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 is not presented since the results would be anti-dilutive.

Stock-Based Compensation

The Company accounts for Stock-Based Compensation under ASC 718 “Compensation-Stock Compensation”, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized.

The Company accounts for stock-based compensation awards to non-employees in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Any stock options or warrants issued to non-employees are recorded in expense and an offset to additional paid-in capital in shareholders’ equity/(deficit) over the applicable service periods using variable accounting through the vesting dates based on the fair value of the options or warrants at the end of each period.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
 (Formerly Novo Energies Corporation and Subsidiary)
 (A DEVELOPMENT STAGE COMPANY)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2012
 (unaudited)

The Company issues stock to consultants for various services. The costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (1) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (2) the date at which the counterparty's performance is complete. The Company recognized consulting expense and a corresponding increase to additional paid-in-capital related to stock issued for services.

Comprehensive Income

The Company has adopted ASC 211-05 effective January 1, 2012 which requires entities to report comprehensive income within a continuous statement of comprehensive income.

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.

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 will 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 would recognize 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 3 - EQUIPMENT

The Company's equipment is as follows:

| December 31, 2012 | March 31, 2012 | Estimated Life |
|-------------------------|-------------------|-------------------|
|-------------------------|-------------------|-------------------|

| | | | |
|--------------------------------|----------|----------|---------|
| Computer and office equipment | \$49,951 | \$47,011 | 5 years |
| Less: accumulated depreciation | 18,788 | 10,543 | |
| | \$31,163 | \$36,468 | |

NOTE 4 – INTANGIBLE ASSETS

Intangible assets consists of the cost of a domain name of \$32,893.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

NOTE 5 – LICENSE AGREEMENT

On December 12, 2011, the Company entered into a License Agreement (the “License Agreement”) with Immunovative Therapies, Ltd., an Israeli Corporation (“ITL”), pursuant to which the Company received an immediate exclusive and worldwide license to commercialize all product candidates (the “Licensed Products”) based on ITL’s current and future patents and a patent in-licensed from the University of Arizona. The license granted covers two experimental products for the treatment of cancer in clinical development called AlloStim™ and Allo Vaz™ (“Licensed Products”).

In exchange for the license, the Company has undertaken an obligation to pay ITL \$10 million from the date of the License Agreement until the date that is two years after receiving notice from a regulatory agency in the U.S., Canada, European Union or Thailand of approval to commence a Phase II/III clinical trial (“Regulatory Notice”). The \$10 million due from the Company under the License Agreement is to be paid in the following installments: (i) \$450,000 upon the signing of the Agreement (paid in February 2012), (ii) \$150,000 at the start of each month after ITL submits to a peer-reviewed journal a manuscript for publication describing the results of the Phase I/II clinical trial conducted pursuant to IND 13,9361 until the \$10 million has been paid, (iii) \$2 million within 60 days of receiving Regulatory Notice and (iv) at any time that the Company chooses prior to the dates above.

Upon successful completion of a randomized Phase II/III clinical trial (the “Clinical Trial”) designed to prove the efficacy of at least one of the Licensed Products, the Company and ITL have agreed to consummate a merger transaction (either directly or through a subsidiary of the Company) with the ITL shareholders immediately prior to the merger owning 75% of the post-merger shares and the shareholders of the Company immediately prior to the merger owning 25% of the post-merger shares on a fully diluted basis. The successful completion of the Clinical Trial shall be defined as the date that the treatment protocol for the number of evaluable subjects necessary to conduct a statistical analysis comparing a placebo control group with a Licensed Product is completed, whereby there is sufficient power to detect a statistically significant ($p < 0.10$) increase in overall survival of 50% or greater of the Licensed Product as compared to the placebo. Final merger percentages can be re-negotiated based on a number of variables and factors, including but not limited to, aggregate capital raised by the Company, market conditions, mutual agreement by both management teams.

The License Agreement provides that the percentage of the post-merger shares that the shareholders of the Company immediately prior to the merger will increase in certain circumstances, including if the Company provides ITL more than the \$10 million set out in the License Agreement and if ITL has outstanding debt (excluding any liabilities owed to patent attorney or for patent maintenance fees) at the time of the merger. Likewise the License Agreement provides that the percentage of the post-merger shares that the shareholders of the Company immediately prior to the merger will decrease in certain circumstances, including if ITL raises funds on its own or if the Company has outstanding debts at the time of the merger.

If there is a successful completion of a Clinical Trial but the Company has not paid the full \$10 million, the parties may agree to merge or the Company will receive shares of ITL based on the amount of funds that the Company has provided ITL and the license will terminate. If there is not a successful completion of a Clinical Trial and the Company decides to continue to fund the clinical trials, the Company will receive shares in ITL for any additional

payments more than \$10 million. In each of these instances, the shares that the Company will receive will be based on a valuation (prior to the funds provided by the Company) of ITL of \$30 million, which can be decreased for any outstanding debts (with the exception of patent related debts and trade liabilities) of ITL or increased for any funds raised by ITL on its own.

If the Company pays all amounts due under the License Agreement, but there is no successful completion of a Clinical Trial, the Company and ITL may nevertheless agree to merge. If they do not, the Company shall maintain the license granted under the License Agreement. As of December 31, 2012, the Company has paid ITL \$3,484,214 and recorded the payment as advances to ITL for future stock ownership ("Advances").

In connection with the advances, management has provided an impairment provision for the total amount of the advances due to the undeterminable value of the advances at the present time.

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

While this matter is being litigated in Federal District Court, the Company is seeking a merger and/or acquisition candidate and is confident the Company will remain in the bio-medical industry regardless of the outcome of the litigation with ITL.

NOTE 6 – NOTES PAYABLE

On November 1, 2009, the Company issued a \$242,000 promissory note to Caete Invest & Trade, S.A. maturing on October 31, 2010. The note bears interest at the rate of 10% per annum and is payable at maturity. The face amount of the note plus accrued interest is convertible into unregistered common stock of the company at the lesser of 100% of the volume weighted average price (“VWAP”) of common stock as reported by Bloomberg L.P. on the day prior to the conversion date and a 15% discount to the lowest daily closing “VWAP” of common stock during the five days prior to the conversion date. The Company, in accordance with EITF 98-5 and 00-27, utilized the Market approach to value the debt instrument and concluded that a beneficial conversion feature exists since the effective conversion price of shares was less than the stock price at commitment date. The 15% discount created a beneficial conversion feature at the commitment date aggregating \$36,300 which was accreted monthly from the issuance date of the promissory note through maturity and was recorded as additional interest expense. On February 4, 2010, \$62,428 of the loan was repaid. The loan balance was \$179,572 at March 31, 2012. On April 26, 2012, through an assignment of the Debt Agreement, Caete Invest & Trade, S.A. agreed to sell and/or assign the debt, including interest owed by the Company to a third party investor/shareholder of the Company who repaid Caete Invest & Trade, S.A. The assignment transferred to the individual any and all rights, interests and claim arising under the original note agreement. On May 21, 2012, the note was converted into 2,720,000 shares of the Company’s common stock.

On January 21, 2010, the Company issued to its former Chief Executive Officer 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 \$55,923 which was accreted monthly from the issuance date of the promissory note through maturity and was recorded as additional interest expense. During the nine months ended December 31, 2012 and the year ended March 31, 2012, \$52,364 and \$120,000 of the note was repaid. Accordingly, at March 31, 2012, the loan balance was \$52,364 which was repaid during the nine months ended December 31, 2012.

On October 19, 2012, the Company entered into a one year convertible promissory note agreement for \$445,000 with MJM Financial, a California based institutional investor. The note is non-interest bearing for the first 90 days and subsequent to that, the note has an interest rate of 5% per annum. The note at the holder's option is convertible at \$0.15 per share and, if the price per share at the time of conversion is greater than \$0.15 per share, on average for the previous 25 trading days, the conversion rate shall have a 25% discount, with the minimum price of \$0.15 per share. The Company paid an origination fee of 200,000 shares of its common stock to secure the loan. On November 14, 2012, the Company received \$150,000. The 25% discount created a beneficial conversion feature at the

commitment date aggregating \$37,500 representing a discount which is being accreted monthly from the issuance date of the note through maturity and is recorded as additional interest expense. At December 31, 2012, the loan balance is \$115,910, net of the unamortized discount of \$34,090.

NOTE 7 – RELATED PARTIES

Antonio Treminio, former chief executive officer and chairman of the Company, was a note holder of the Company. On August 2, 2012, the remaining balance of the note payable of \$52,364 and the accrued interest of \$34,102 was repaid. See Note 6.

NOTE 8 - STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock

During the year ended March 31, 2012, the Company sold 13,450,000 shares of its common stock, under private placement agreements, at \$0.05 per share aggregating \$672,500 and 22,853,560 shares of its common stock at \$0.10 per share aggregating \$2,285,356.

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

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

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

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

On July 1, 2011, the Company converted \$78,000 of unpaid rent for its headquarters to common stock. The conversion rate was \$0.11 per share the date on which the conversion occurred. Accordingly, the Company issued 709,090 shares.

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

On February 15 and 28, 2012, the Company entered into a consulting agreements with Bridgeview Capital to assist the Company in developing a business strategy, assist in capital introductions and other mutually agreed upon services. In consideration for these services, the Company issued 3,000,000 shares of its common stock valued at \$0.14 per share, the fair market value at the date of commitment. The shares vest immediately.

On February 15, 2012, the Company entered into a consulting agreement with an individual to assist the Chief Executive Officer with day to day operating activities. In consideration for these services, the Company, in addition to paying bi-weekly compensation, issued 250,000 shares of its common stock. The shares were valued at \$0.14, the fair market value at the date of commitment.

On February 28, 2012, the Company entered into a consulting agreement with an individual to provide capital introduction and other services as mutually agreed upon with the Company. In consideration for these services, the Company issued 1,195,000 shares of its common stock valued at \$0.14 per share, the fair value at the date of commitment.

On February 28, 2012, the Company entered into a consulting agreement with Rubicon Capital Advisors, LLC to assist the Company in developing marketing and investor relations strategies and other services as mutually agreed to by the Company and consultant. In consideration for these services, the Company issued 2,500,000 shares of its common stock valued at \$0.14 per share, the fair value at the date of commitment.

On February 28, 2012, the Company entered into a consulting agreement with Sirton International, Inc. to assist the company in developing a marketing and investor relations, assist the Company in developing an acquisition strategy and structure with the European market and other services as mutually agreed to by the Company and consultant. In consideration for these services, the Company issued 5,400,000 shares of its common stock valued at \$0.14 per share,

the fair value of the stock at the date of commitment. The shares are considered earned as of its date of agreement.

In connection with settlement agreements dated February 21 and 23, 2012, the Company issued 1,100,000 shares of its common stock valued at \$0.14 per share to Satellite Advisors Group, LLC and Dr. Stella Snug.

On February 15, 2012, the Company entered into a consulting with an individual to act in the capacity of office manager. The agreement provides for the issuance of 25,000 shares per month. During the nine month ended December 31, 2012, the consultant was issued 440,000 shares at an average monthly price of \$0.12 to \$0.25 per share.

On February 25, 2012, the Company entered into an agreement with Momentum Public Relations, Inc. for strategic business development activities. In connection with the agreement, the consultant is to receive 600,000 shares of the common stock vesting immediately as of April 1, 2012. The shares were valued at \$0.10 per share, the price at the date of commitment. The contract is for one year.

On March 15, 2012, the Company entered into a consulting contract with an individual to assist the Company with web design and branding, develop online marketing strategies and other services agreed to between the Company and the consultant. The agreement is for a period of 24 months. In addition to cash consideration, the consultant will receive 25,000 shares of the Company's common stock monthly. During the nine months ended December 31, 2012, the consultant received 150,000 shares valued at \$0.11 to \$0.20 per share. The Company has terminated the contract.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

On April 1, 2012, the Company entered into a consulting agreement with an individual to be an advisory board member. The agreement is for a period of one year. In addition to cash compensation, the individual will receive 25,000 shares of the Company's common stock on a monthly basis. During the nine months ended December 31, 2012, the individual received 225,000 shares of common stock valued at \$0.12 to \$0.20 per share.

On April 26, 2012, the Company entered into a consulting agreement to provide investor relation services. The contract is for a period of 12 months and the consultant received 805,000 shares of the Company's common stock valued at \$0.12 per share, the fair market value at the date of commitment.

On May 15, 2012, the former chief executive officer's contract was amended to award him an additional 2,500,000 shares. The shares were valued at \$0.10 per share, the market value at the date of commitment.

On May 15, 2012, the Company entered into an agreement with a consultant to render strategic advisory services to include securing a well-qualified management team, developing acquisition strategy and other services mutually agreed to by the Company and consultant. The term of the contract is for 36 months. In connection with the contract, the consultant was awarded 2,500,000 shares of the Company's common stock. The shares were valued at \$0.10 per share the market value at the date of commitment. On August 22, 2012, the agreement was terminated and the consultant became the chief executive officer of the Company.

On May 21, 2012, the Company under the provisions of a note payable to Caete Invest & Trade, S.A., converted the note payable of \$179,572 and accrued interest of \$46,247, or an aggregate of \$225,819, into 2,720,000 shares of the Company's common stock.

On June 4, 2012, the Company purchased its Internet domain name for \$7,500 and the issuance of 200,000 shares of the Company's common stock valued at \$0.125 per share, the market value at the commitment date.

On June 26, 2012, the Company entered into a consulting agreement with XS Invest, LLC and during the nine months ended December 31, 2012 issued 1,800,000 shares of its common stock at \$0.12 to \$0.20 per share.

On July 23, 2012, the Company entered into a consulting agreement with Wall Street Relations, Inc. to provide strategic advisory services with the implementation of branding concepts, marketing, and strategic introductions to institutional investors and accredited individual investors and introductions to prospective advisory board and management candidates. The agreement is for a period of six months. In addition to the cash compensation of \$1,090,000, the Company issued 2,000,000 shares of its common stock valued at \$0.15, the fair value at the commitment date.

On September 1, 2012, the Company entered into a consulting agreement with Lakeport Business Services, Inc. ("LBS") whereas Bruce Harmon ("Harmon"), the president of LBS, would serve as chief financial officer of the Company. As part of the agreement, Harmon was granted 500,000 shares of common stock and, on a quarterly basis hereafter, receive an additional 50,000 shares of common stock of the Company. The term of the contract is one year. The initial 500,000 shares were valued at \$0.20, the fair value at the date of commitment. In December 2012, an additional 150,000 shares were issued under a bonus agreement and were valued at \$0.09 per share, the fair value at

the date of grant.

During the nine months ended December 31, 2012, the Company sold for cash, 48,844,286 shares of its common stock at \$0.10 to \$0.15 per share aggregating \$5,191,124, and paid cash commissions of \$643,956 and issued 5,415,000 shares of common stock valued at \$689,000 in introducing fees. The private placement for \$0.10 was closed on August 20, 2012. The proceeds from the private placement to date have been used primarily for general and administrative purposes and for the investment into ITL pursuant to the License Agreement (see Note 5).

On September 19, 2012, the Company converted \$65,000 of accounts payable to common stock and issued 650,000 shares of its common stock. The shares were valued based upon the invoice amounts.

On July 24, 2012, the Company appointed an individual to the Company's advisory board for a period of one year. The advisory board member will receive 25,000 shares of common stock of the Company on a monthly basis as compensation. During the nine months ended December 31, 2012, the board member received 125,000 shares of the Company's common stock valued at \$0.19 to \$0.26 per share, the fair value at date of grant.

On August 1, 2012, the Company appointed an individual to the Company's advisory board for a two year period and issued 500,000 shares of its common stock as compensation. The shares vest immediately and were valued at \$0.22.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

On July 1, 2012, the Company entered into a consulting agreement with an individual to provide strategic advisory services to assist the Company in developing corporate structures, the development of potential strategic and business partners in Europe and other services mutually agreed to by the Company. In consideration for the services to be rendered, the Company issued 500,000 shares of its common stock which vest immediately. The shares were valued at \$0.15 per share, the fair value at the date of commitment.

On August 23, 2012, the Company issued 500,000 shares of the common stock to the Company's corporate secretary who is a consultant to the Company. The shares vest immediately and were valued at \$0.20 per share, the fair value at the date of commitment.

On March 1, 2012, the Company entered into a consulting agreement with an individual to render strategic advisory services. In addition to monthly cash compensation of \$3,000, the agreement calls for the issuance of 25,000 shares of common stock on a monthly basis. During the nine months ended December 31, 2012, 175,000 shares were issued at a value of \$0.165 per share. On October 1, 2012, the contract was modified increasing the cash compensation to \$4,000 per month and the issuance of 250,000 shares at the end of each quarter.

On September 1, 2012, the Company entered into a consulting agreement with an individual to provide strategic advisory services to the Company primarily to introduce strategic and business development partners, assist in developing corporate structures, and other services mutually agreed to by the Company. The agreement is for a period of 12 months and the Company issued 200,000 shares of its common stock as consideration and vest immediately. The shares were valued at \$0.20 per share, the fair value at the date of commitment.

On July 15, 2012, the Company entered into a monthly consulting contract with an entity to render strategic advisory services specifically to provide strategic business partners in Europe, develop corporate structures and other services mutually agreed to by the Company. As consideration for the services to be performed, the Company issued 150,000 shares of its common stock valued at \$0.15 per share, the fair value at the date of commitment. The agreement is for a period of 12 months.

In connection with the consulting agreements and the board advisory agreements, the agreements have as part of the compensation arrangements, the following clauses: a) the consultant will be reimbursed for all reasonable out of pocket expenditures, b) to the extent the consultant introduces the Company to any sources of equity or debt arrangements, the Company agrees to pay 8% to 10% in cash and 8% to 10% in common stock of the Company of all cash amounts actually received by the Company and 2% for debt arrangements, and c) the Company, in its sole discretion, may make additional cash payments and/or issue additional shares of common stock to the consultant based upon the consultant's performance.

On August 22, 2012, the chief executive officer, under the terms of his employment agreement, was issued a signing bonus of 1,500,000 shares of the Company's common stock. The shares were valued at \$0.20 per share, the fair value at the date of commitment.

On October 1, 2012, the Company entered into a consulting agreement to assist the Company with investor introductions and develop strategic partners. The agreement is for 24 months. In connection with the agreement, the

Company issued 750,000 shares of its common stock at \$0.19 per share, the fair value at the date of commitment.

Under the terms of the chief executive officer's employment contract, he is to receive 60,000 shares of the Company's common stock monthly as salary. During the three months ended December 31, 2012, he received 180,000 shares valued at \$0.17 to \$0.24 per share, the fair value at date of commitment.

The chief executive officer was awarded 2,500,000 shares of the Company's common stock for achieving the private placement goal of \$7,500,000 in accordance with his former consulting agreement and current employment contract. The shares were valued at \$0.25 per share, the fair value at date of commitment.

The former chief executive officer was awarded 2,500,000 shares of the Company's common stock for achieving the private placement goal of \$7,500,000 in accordance with his employment contract and his severance agreement.

On October 1, 2012, the Company entered into a three year agreement with an individual to serve as an Advisory Board member assisting the Company to identify and retain investment banking firms. In connection with the agreement, the Company issued 2,250,000 shares of its common stock valued at \$0.19 per share, the fair value at the date of commitment.

On October 1, 2012, the Company entered into a two year agreement with an individual to serve as an Advisory Board member assisting the Company to identify and retain investment banking firms. In connection with the agreement, the Company issued 1,375,000 shares of its common stock valued at \$0.19 per share, the fair value at the date of commitment.

On October 23, 2012, the Company entered into a consulting agreement with an individual to provide strategic marketing concepts to the Company over a two year period. In connection with the agreement, the Company issued 600,000 shares of its common stock valued at \$0.25 per share, the fair value at the date of commitment.

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

On October 24, 2012, the Company converted \$10,000 of local accounting fees to stock and issued 100,000 shares of its common stock.

On October 29, 2012, the Company entered into a two year consulting agreement with an investor relations firm. In consideration for the agreement, the Company issued 400,000 shares of its common stock valued at \$0.25 per share, the fair value at the date of commitment. The 400,000 shares were considered a signing bonus. Additionally, each quarter, the Company is to issue 50,000 shares as normal compensation.

On October 31, 2012, the Company's attorney was awarded 150,000 shares of the Company's common stock for legal services. The shares were valued at \$0.25 per share, the fair value at the date of commitment.

On November 6, 2012, the Company entered into a consulting agreement with an individual for radio and television commercials related to the Company. In addition for paying for the services, the Company issued 300,000 shares of its common stock at \$0.25 per share, the fair value at the date of commitment. The contract is for 3 months.

On November 7, 2012, the Company entered into a consulting agreement with an individual to perform services related to corporate business development. The agreement is for a period of three years. In connection with the agreement, the Company issued 1,850,000 shares of its common stock valued at \$0.28 per share.

On November 9, 2012, the Company entered into a consulting agreement with an individual to promote the Company in the investment community. In connection with the agreement, the Company issued 400,000 shares of its common stock valued at \$0.26 per share, the fair value at the date of commitment. The agreement is for 8 months.

On November 21, 2012, the Company entered into a two year consulting contract with an entity to serve as advisor to the management team. In connection with the agreement, the company issued 2,175,000 shares of its common stock valued at \$0.23 per share, the fair value at the date of commitment.

On December 18, 2012, the Company entered into three consulting agreements with individuals to assist the Company with investor introductions and potential strategic and business development partners. The agreements are for 12 months. In connection with the agreements, the Company issued 367,000 shares of its common stock valued at \$0.25, the fair value at the date of commitment.

During the nine months ended December 31, 2012, the Company paid cash commissions to promote placements of \$643,956 in cash and issued 5,415,000 shares of common stock valued at \$677,000.

Warrants for Common Stock

The following table summarizes the activity of the warrants for common stock outstanding as at December 31, 2012:

| Number of Warrants | Exercise Price | Expiration Date |
|-----------------------|-------------------|--------------------|
|-----------------------|-------------------|--------------------|

| | | | |
|---------------------------|---------|--------|-------------------|
| Balance March 31, 2012 | 394,465 | \$0.75 | 7/2012 -8/2014 |
| Exercised | - | | |
| Balance December 31, 2012 | 394,465 | | |

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

| | |
|---------------------------|--------------------|
| Volatility | 241.65% to 244.92% |
| Risk-free rate | 1.34% to 0.41% |
| Dividend | - |
| Expected life of warrants | 3 |

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

Stock Options

On February 1, 2012, the Company awarded 5,000,000 options to purchase common shares to its former Chief Executive Officer and 5,000,000 options to purchase common shares to the vice president – strategic planning. These options vested immediately and were for services performed. The Company recorded stock-based compensation expense of \$1,400,000 for the issuance of these options. The following weighted average assumptions were used for Black-Scholes option-pricing model to value these stock options:

| | |
|-----------------------------------|-------|
| Volatility | 220% |
| Expected dividend rate | - |
| Expected life of options in years | 10 |
| Risk-free rate | 1.87% |

A summary of option activity as of March 31, 2012, and changes during the period then ended, is presented below:

| Options | Weighted Average Exercise Price | Number of Shares | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|------------------------------------------|---------------------|---------------------------------------------------------|---------------------------------|
| Balance March 31, 2012 | \$ 0.10 | 10,000,000 | 9.85 | \$ 400,000 |
| Options granted | - | - | - | - |
| Options exercised | - | - | - | - |
| Options cancelled/forfeited | - | - | - | - |
| Balance at December 31, 2012 | \$ 0.10 | 10,000,000 | 9.85 | \$ 400,000 |
| Exercisable at December 31, 2012 | \$ 0.10 | 10,000,000 | 9.85 | \$ 400,000 |

The weighted-average grant-date fair value of options granted during the nine months ended December 31, 2012 was \$0.14.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Legal Matters

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive

relief against ITL for damages stemming from this breach.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

Commitments

On January 31, 2012, the Company entered into a three year lease for its corporate office. This requires a monthly payment of \$2,150 per month. Required annual payments are as follows: 2013-\$25,800; 2014-\$25,800; and 2015-\$2,150.

The Company's termination agreement with its former chief executive officer requires a payment of \$90,000 to be paid on or before March 20, 2013.

The Company's consulting agreement with its chief financial officer has compensation payable at \$4,000 per month and 50,000 shares of common stock issuable on a quarterly basis. The contract expires on August 31, 2013.

In connection with the Company's consulting contracts, the Company has commitments for monthly payments of approximately \$20,000 for the ensuing twelve months

Table of Contents

IMMUNOVATIVE, INC. AND SUBSIDIARY
(Formerly Novo Energies Corporation and Subsidiary)
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012
(unaudited)

On August 22, 2012, the Company entered into an employment agreement with Seth M. Shaw, its chief executive officer. The agreement provides for annual compensation of \$132,000. Mr. Shaw previously elected to forgo cash compensation and receive 60,000 shares of the Company's common stock on a monthly basis. However, as the only principal officer and director, he decided to take the cash compensation as well and is in the process of modifying his employment agreement.

NOTE 10 - SUBSEQUENT EVENTS

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

Since January 1, 2013, till the date of this report, the Company has issued (1) 4,000,000 shares to its Chief Executive Officer and (2) approximately 4,100,00 shares to consultants under early agreements and newly signed agreements.

Table of Contents

PART I - FINANCIAL INFORMATION

SPECIAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, contains statements about future events and expectations which are “forward-looking statements” within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including the statements about our plans, objectives, expectations and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You can expect to identify these statements by forward-looking words such as “may,” “might,” “could,” “would,” “will,” “anticipate,” “believe,” “plan,” “project,” “expect,” “intend,” “seek” and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.

Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the “Risk Factors” section of and elsewhere in our Form 10-K dated March 31, 2012 for the fiscal year ended March 31, 2012 and in our subsequent filings with the Securities and Exchange Commission.

THIS REPORT CONTAINS 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. THESE FORWARD LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS OR ANTICIPATED RESULTS, INCLUDING THOSE SET FORTH UNDER "RISK FACTORS" IN THIS "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND ELSEWHERE IN THIS REPORT. THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH "SELECTED FINANCIAL DATA" AND THE COMPANY'S FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We are a Florida corporation formed on April 8, 2001. We were originally organized to be a blank check company.

On June 8, 2009, the Board of Directors approved the change of name to “Novo Energies Corporation”. As described in a report filed with the United States (“U.S.”) Securities and Exchange Commission on June 26, 2009, a majority of shareholders executed a written consent in lieu of an Annual Meeting (the “Written Consent”) effecting the change of the name of our business from “Atlantic Wine Agencies, Inc.” to “Novo Energies Corporation” on June 8, 2009 to better reflect what we then intended to be our future operations. We filed an amendment to our Articles of Incorporation on June 8, 2009 with the Florida Secretary of State to affect this name change after receiving the requisite corporate approval.

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 in the accompanying financial statements.

On July 30, 2009, Novo Energies Corporation (“Novo”) formed a 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 intended to plan, build, own, and operate renewable energy plants throughout Canada utilizing a third party technology and using plastic and tire waste as feedstock. On May 8, 2012, the name was changed to Immunovative Canada, Inc.

On May 17, 2011, Novo entered into an exclusive memorandum of understanding with Immunovative Clinical Research, Inc. (“ICRI”), a Nevada corporation and wholly-owned subsidiary of Immunovative Therapies, Ltd. (“ITL”), an Israeli corporation pursuant to which the Company and ICRI intended to pursue a merger resulting in Novo owning ICRI.

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the “ITL Notice”), along with alleged damages. It is the Company’s position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

While this matter is being litigated in Federal District Court, the Company is seeking a merger and/or acquisition candidate and is confident the Company will remain in the bio-medical industry regardless of the outcome of the ITL litigation.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL’s share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

Table of Contents

RESULTS OF OPERATIONS

Three months ended December 31, 2012 compared to the three months ended December 31, 2011

Revenue. The Company is currently developing its business, and as a result has no products or services to offer and no revenues.

Selling, General and Administrative Expenses. For the three months ended December 31, 2012, selling, general and administrative expenses were \$2,703,686 compared to \$0 for the same period in 2011 (2011 relates to discontinued operations). The expense for 2012 is primarily composed of stock-based compensation (\$1,886,057).

Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership. For the three months ended December 31, 2012, the impairment expense was \$885,000 compared to \$0 for the same period in 2011. The Company, under the license agreement with Immunovative Therapies, Ltd., advanced funding to facilitate research and development. The Company impaired the advances as the value is undeterminable at the present time.

Net Loss. We generated net losses of \$3,592,683 for the three months ended December 31, 2012 compared to \$325,080 for the same period in 2011, an increase of 1,004%. This increase was primarily due to an increase in business activity, which included the additional hiring of management, business advisory board members, scientific advisory board members, and consultants, as well as increases in travel expense and investor relation related activities. Of the loss, \$1,886,057, or 57.8% of the increase, related to stock compensation in lieu of cash compensation.

Nine months ended December 31, 2012 compared to the nine months ended December 31, 2011

Revenue. The Company is currently developing its business, and as a result has no products or services to offer and no revenues.

Selling, General and Administrative Expenses. For the nine months ended December 31, 2012, selling, general and administrative expenses were \$5,479,420 compared to \$0 for the same period in 2011 (2011 relates to discontinued operations). The expense for 2012 is primarily composed of stock-based compensation (\$2,924,227).

Impairment of advances to Immunovative Therapies, Ltd. for future stock ownership. For the nine months ended December 31, 2012, the impairment expense was \$2,714,049 compared to \$0 for the same period in 2011. The Company, under the license agreement with Immunovative Therapies, Ltd., advanced funding to facilitate research and development. The Company impaired the advances as the value is undeterminable at the present time.

Net Loss. We generated net losses of \$8,207,636 for the nine months ended December 31, 2012 compared to \$1,650,711 for the same period in 2011, an increase of 397%. This increase was primarily due to an increase in business activity, which included the additional hiring of management, business advisory board members, scientific advisory board members, and consultants, as well as increases in travel expense and investor relation related activities. Of the loss, \$2,924,227, or 44.6% of the increase, related to stock compensation in lieu of cash compensation.

Liquidity and Capital Resources

We continue to fund our operations through private placement offerings and other financings.

Edgar Filing: Immunovative, Inc. - Form 10-Q

During the nine months ending December 31, 2012, the Company sold 48,844,286 shares of common stock for a total of \$4,547,166 net of introduction fees of \$643,956 paid in cash and 5,415,000 shares paid in common stock of the Company valued at \$689,000.

At December 31, 2012, we had cash and cash equivalents of \$70,871 compared to \$619,624 at March 31, 2012.

Table of Contents

Cash Flows

Net cash used in operating activities amounted to \$3,253,172 for the period from December 12, 2011 (inception of Development Stage) to December 31, 2012. Net cash used in operating activities for the nine months ended December 31, 2012 and 2011 was \$2,519,916 and \$723,753, respectively, an increase of \$1,796,163 primarily from stock-based compensation to consultants.

During the period from inception December 12, 2011 (inception of the Development Stage) to December 31, 2012, we generated \$6,617,524 net of \$643,956 in cash and issued 5,415,000 shares of common stock paid in introducing fees from private placement sales of our common stock.

During the nine months ended December 31, 2012, we generated cash from financing activities of \$4,644,803 primarily from the sale of common stock. During the nine months ended December 31, 2011, we generated cash from financing activities of \$894,515 primarily from the sale of common stock.

We do not believe that our cash on hand at December 31, 2012 will be sufficient to fund our license agreement requirements if all the conditions of the license agreement required of the licensor are met. We will continue to seek additional equity financing. However, there is no assurance that we will be successful in our equity private placements.

Going Concern Qualifications

The accompanying unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company had no revenue and net losses of \$8,207,636 for the period ended December 31, 2012 compared to sales of \$0 and net loss of \$1,650,711 (related to discontinued operations) for the nine months ended December 31, 2011. As discussed in Note 1 to the financial statements, since inception of the Development Stage (December 12, 2011) the Company had losses of \$12,802,804 and there are existing uncertain conditions which the Company faces relative to its obtaining financing and capital in the equity markets. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company had working capital deficit, stockholders' deficit, and accumulated deficit during the development stage of \$514,714, \$450,657 and \$12,802,804, respectively, at December 31, 2012, and used cash in operations of \$2,519,916 in the nine months ended December 31, 2012. The Company is highly dependent on its ability to continue to obtain investment capital from future funding opportunities to fund the current and planned operating levels. The unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to bring in income generating activities and its ability to continue receiving investment capital from future funding opportunities. No assurance can be given that the Company will be successful in these efforts.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Securities and Exchange Commission defines the term “disclosure controls and procedures” to mean a company's controls and other procedures of an issuer that are designed to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its chief executive and chief financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company maintains such a system of controls and procedures in an effort to ensure that all information which it is required to disclose in the reports it files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms and that information required to be disclosed is accumulated and communicated to the chief executive and interim chief financial officer to allow timely decisions regarding disclosure.

Table of Contents

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are not effective as of such date. The Chief Executive Officer and Chief Financial Officer have determined that the Company continues to have the following deficiencies which represent a material weakness:

1. The Company does not have an Audit Committee;
2. Lack of in-house personnel with the technical knowledge to identify and address some of the reporting issues surrounding certain complex or non-routine transactions. With material, complex and non-routine transactions, management has and will continue to seek guidance from third-party experts and/or consultants to gain a thorough understanding of these transactions;
3. Insufficient personnel resources within the accounting function to segregate the duties over financial transaction processing and reporting;
4. Insufficient written policies and procedures over accounting transaction processing and period end financial disclosure and reporting processes.

To remediate our internal control weaknesses, management intends to implement the following measures:

The Company will add sufficient number of independent directors to the board and will form an Audit Committee with a qualified person to chair the committee.

The Company has hired a part-time chief financial officer and will add sufficient accounting personnel to properly segregate duties and to effect a timely, accurate preparation of the financial statements.

The Company will hire staff technically proficient at applying U.S. GAAP to financial transactions and reporting.

Upon the hiring of additional accounting personnel, the Company will develop and maintain adequate written accounting policies and procedures.

The additional hiring is contingent upon the Company's efforts to obtain additional funding through equity or debt and the results of its operations. Management expects to secure funds in the coming fiscal year but provides no assurances that it will be able to do so.

Changes in Internal Control over Financial Reporting

Except as set forth above, there were no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of the control system must reflect that there are resource constraints and that the benefits must be considered relative to their costs. Because of the inherent limitations in all control systems,

no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Table of Contents

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of November 1, 2012, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our operations.

On January 8, 2013, the Company received from ITL, a notice by which ITL purported to terminate the License Agreement dated December 9, 2011 between the Company and ITL (the "ITL Notice"), along with alleged damages. It is the Company's position that ITL breached the License Agreement by delivering the ITL Notice and, that prior to the ITL Notice, the License Agreement was in full force and, on January 17, 2013 and that the Company had complied in all material respect with the License Agreement therefore the Company believes that there are no damages to ITL. As such, on January 17, 2013, the Company filed a lawsuit against ITL, which included the request for various injunctive relief against ITL for damages stemming from this breach.

The Company, as of the date of this report, has funded ITL approximately \$3.7 million under the Licensing Agreement and other related costs in connection with raising the capital and fulfillment of the Licensing Agreement by the Company.

On February 19, 2013, the Company and ITL entered into a settlement agreement whereby the parties have agreed to the following: (1) the Company will submit a letter to the Court advising the Court that the parties have reached a settlement and that the Company is withdrawing its motion, (2) ITL will pay the Company \$20,000, (3) ITL will issue to the Company, ITL's share capital equivalent to 9% of the issued and outstanding shares of ITL, (4) the Company will change its name and (5) the settling parties agree that the license agreement will be terminated.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On February 8, 2012, the Company issued 14,131,500 shares of its common stock to various investors at \$0.10 per share. The shares mentioned above were issued in reliance on exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended, including Rule 506 of Regulation D and Regulation S promulgated under the Securities Act of 1933, as amended. These transactions qualified for exemption from registration because among other things, the transactions did not involve a public offering, each investor was an accredited investor, each investor had access to information about our Company and their investment, each investor took the securities for investment and not resale, there was no general solicitation or advertising in connection with the placement and we took appropriate measures to restrict the transfer of the securities.

On February 15 and 28, 2012, the Company entered into consulting agreements with Bridgeview Capital. In consideration for these services, the Company issued 3,000,000 shares of its common stock vesting immediately.

On February 15, 2012, the Company entered into a consulting agreement with an individual to assist the Chief Executive Officer with day to day operating activities. In consideration for these services, the Company issued 250,000 shares vesting immediately.

On February 28, 2012, the Company entered into a consulting agreement with an individual to provide capital introduction and other services as mutually agreed upon with the Company. In consideration for these services, the Company issued 1,195,000 shares of its common stock vesting immediately.

On February 28, 2012, the Company entered into a consulting agreement with Rubicon Capital Advisors, LLC to assist the Company in developing marketing and investor relations strategies and other services as mutually agreed to by the Company and consultant. In consideration for these services, the Company issued 2,500,000 shares of its common stock.

On February 28, 2012, the Company entered into a consulting agreement with Sirton International, Inc. to assist the Company in developing a marketing and investor relations, assist the Company in developing an acquisition strategy and structure with the European market and other services as mutually agreed to by the Company and consultant. In consideration for these services, the Company issued 5,400,000 shares of its common stock.

Table of Contents

In connection with settlement agreements dated February 21 and 23, 2012, the Company issued 1,100,000 shares of its common stock to Satellite Advisors Group, LLC and Dr. Stella Snug.

On February 15, 2012, the Company entered into a consulting with an individual to act in the capacity of office manager. The agreement provides for the issuance of 25,000 shares per month. During the nine months ended December 31, 2012, the consultant was issued 125,000 shares.

On February 25, 2012, the Company entered into an agreement with Momentum Public Relations, Inc. for strategic business development activities. In connection with the agreement, the consultant is to receive 600,000 shares of the common stock.

On March 1, 2012, the Company entered into a consulting agreement with an individual to render strategic advisory services. The agreement calls for the issuance of 25,000 shares of common stock on a monthly basis. During the nine months ended December 31, 2012, 175,000 shares were issued.

On March 15, 2012, the Company entered into a consulting contract with an individual to assist the Company with web design and branding, develop online marketing strategies and other services agreed to between the Company and the consultant. The agreement is for a period of 24 months. The consultant will receive 25,000 shares of the Company's common stock monthly. During the nine months ended December 31, 2012, the consultant received 75,000 shares.

On April 1, 2012, the Company entered into a consulting agreement with an individual to be an advisory board member. The agreement is for a period of one year. The individual will receive 25,000 shares of the Company's common stock on a monthly basis. During the quarter ended December 31, 2012, the individual received 75,000 shares of common stock.

On April 26, 2012, the Company entered into a consulting agreement to provide investor relation services. The contract is for a period of 12 months and the consultant received 805,000 shares of the Company's common stock.

On May 10, 2012, the Company entered into a consulting agreement with an individual to render strategic marketing services assisting the Company with search engine online marketing strategies and developing such strategies and other services mutually agreed to by the Company and the consultant. The contract is for a period of twelve months. As part of the consultant's compensation, he will receive monthly 15,000 shares of the Company's common stock. During the quarter ended December 31, 2012, the consultant received 15,000 shares.

On May 15, 2012, the chief executive officer's contract was amended to award him an additional 2,500,000 shares.

On May 15, 2012, the Company entered into an agreement with a consultant to render strategic advisory services to include securing a well-qualified management team, developing acquisition strategy and other services mutually agreed to by the Company and consultant. The term of the contract is for 36 months. In connection with the contract, the consultant was awarded 2,500,000 shares of the Company's common stock.

On May 21, 2012, the Company under the provisions of a note payable to Caete Invest & Trade, S.A., converted the note payable of \$179,572 and accrued interest of \$46,247, or an aggregate of \$225,819, into 2,720,000 shares of the Company's common stock.

On June 4, 2012, the Company purchased its Internet domain name and issued 200,000 shares of the Company's common stock.

Edgar Filing: Immunovative, Inc. - Form 10-Q

On June 26, 2012, the Company entered into a consulting agreement with XS Invest, LLC and issued 100,000 shares of its common stock.

Subsequent to the three months ended December 31, 2012, the Company, through various private placements, sold approximately 13,263,000 shares of its common stock.

On July 1, 2012, the Company entered into a consulting agreement with an individual to render strategic advisory services. The agreement is for one year and requires the issuance of 500,000 shares of the Company's common stock.

Table of Contents

On July 1, 2012, the Company entered into a consulting agreement with an individual to provide strategic advisory services to assist the Company in developing corporate structures, the development of potential strategic and business partners in Europe and other services mutually agreed to by the Company. In consideration for the services to be rendered, the Company issued 500,000 shares of its common stock which vest immediately.

On July 15, 2012, the Company entered into a monthly consulting contract with an entity to render strategic advisory services specifically to provide strategic business partners in Europe, develop corporate structures and other services mutually agreed to by the Company. As consideration for the services to be performed, the Company issued 150,000 shares of its common stock.

On July 23, 2012, the Company entered into a consulting agreement with Wall Street Relations, Inc. to provide strategic advisory services with the implementation of branding concepts, marketing, and strategic introductions to institutional investors and accredited individual investors and introductions to prospective advisory board and management candidates. The agreement is for a period of six months. The consultant as consideration will receive 2,000,000 shares of the Company's common stock.

On July 24, 2012, the Company appointed an individual to the Company's advisory board for a period of one year. The advisory board member will receive 25,000 shares of common stock of the Company on a monthly basis as compensation. During the quarter ended December 31, 2012, the board member received 50,000 shares of the Company's common stock.

On August 1, 2012, the Company appointed an individual to the Company's advisory board for a two year period and issued 500,000 shares of its common stock as compensation. The shares vest immediately.

On August 22, 2012, the Company entered into an employment agreement with Seth M. Shaw, its chief executive officer. At the execution of the agreement, Mr. Shaw was issued 1,500,000 shares as compensation.

On August 23, 2012, the Company issued 500,000 shares of the common stock to the Company's corporate secretary who is a consultant to the Company. The shares vest immediately.

On September 1, 2012, the Company entered into a consulting agreement with Lakeport Business Services, Inc. ("LBS") whereas the president of LBS, Bruce Harmon ("Harmon"), would serve as chief financial officer of the Company. As a part of the contract, Harmon was issued 500,000 shares of the Company's common stock on the execution date and an additional 50,000 shares quarterly thereafter.

On September 19, 2012, the Company converted \$65,000 of accounts payable to common stock and issued 650,000 shares of its common stock. The shares were valued based upon the invoice amounts.

On September 1, 2012, the Company entered into a consulting agreement with an individual to provide strategic advisory services to the Company primarily to introduce strategic and business development partners, assist in developing corporate structures, and other services mutually agreed to by the Company. The agreement is for a period of 12 months and the Company issued 200,000 shares of its common stock as consideration and vest immediately.

On August 22, 2012, the chief executive officer, under the terms of his employment agreement, was issued a signing bonus of 1,500,000 shares of the Company's common stock.

On October 1, 2012, the Company entered into a consulting agreement to assist the Company with investor introductions and develop strategic partners. The agreement is for 24 months. In connection with the agreement, the Company issued 750,000 shares of its common stock.

Under the terms of the chief executive officer's employment contract, he is to receive 60,000 shares of the Company's common stock monthly as salary. During the three months ended December 31, 2012, he received 180,000 shares.

The chief executive officer was awarded 2,500,000 shares of the Company's common stock for achieving the private placement goal of \$7,500,000 in accordance with his former consulting agreement and current employment contract.

The former chief executive officer was awarded 2,500,000 shares of the Company's common stock for achieving the private placement goal of \$7,500,000 in accordance with his employment contract and his severance agreement.

Table of Contents

On October 1, 2012, the Company entered into a three year agreement with an individual to serve as an Advisory Board member assisting the Company to identify and retain investment banking firms. In connection with the agreement, the Company issued 2,250,000 shares of its common stock.

On October 1, 2012, the Company entered into a two year agreement with an individual to serve as an Advisory Board member assisting the Company to identify and retain investment banking firms. In connection with the agreement, the Company issued 1,375,000 shares of its common stock.

On October 23, 2012, the Company entered into a consulting agreement with an individual to provide strategic marketing concepts to the Company over a two year period. In connection with the agreement, the Company issued 600,000 shares of its common stock.

On October 24, 2012, the Company converted \$10,000 of local accounting fees to stock and issued 100,000 shares of its common stock.

On October 29, 2012, the Company entered into a two year consulting agreement with an investor relations firm. In consideration for the agreement, the Company issued 400,000 shares of its common stock. The 400,000 shares were considered a signing bonus. Additionally, each quarter, the Company is to issue 50,000 shares as normal compensation.

On October 31, 2012, the Company's attorney was awarded 150,000 shares of the Company's common stock for legal services.

On November 6, 2012, the Company entered into a consulting agreement with an individual for radio and television commercials related to the Company. In addition for paying for the services, the Company issued 300,000 shares of its common stock. The contract is for 3 months.

On November 7, 2012, the Company entered into a consulting agreement with an individual to perform services related to corporate business development. The agreement is for a period of three years. In connection with the agreement, the Company issued 1,850,000 shares of its common stock.

On November 9, 2012, the Company entered into a consulting agreement with an individual to promote business consulting services. In connection with the agreement, the Company issued 400,000 shares of its common stock. The agreement is for 8 months.

On November 21, 2012, the Company entered into a two year consulting contract with an entity to serve as advisor to the management team. In connection with the agreement, the company issued 2,175,000 shares of its common stock.

On December 18, 2012, the Company entered into three consulting agreements with an individual to assist the Company with investor introductions and potential strategic and business development partners. The agreements are for 12 months. In connection with the agreements, the Company issued 367,000 shares of its common stock.

Table of Contents

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. MINE SAFETY DISCLOSURES.

None

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS.

Exhibit Certification of Chief Executive Officer
31.1

Exhibit Certification of Chief Financial Officer
31.2

Exhibit Certification of Chief Executive Officer
32.1

Exhibit Certification of Chief Financial Officer
32.2

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

Exhibit
101

101.INS - XBRL Instance Document

101.SCH - XBRL Taxonomy Extension Schema Document

101.CAL - XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF - XBRL Taxonomy Extension Definition Linkbase Document

101.LAB - XBRL Taxonomy Extension Label Linkbase Document

101.PRE - XBRL Taxonomy Extension Presentation Linkbase Document

Table of Contents

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.

IMMUNOVATIVE, INC.
(formerly Novo Energies Corporation)
(Registrant)

Date: February 19, 2013

By: /s/ Seth Shaw
Seth Shaw
Chief Executive Officer

Date: February 19, 2013

By: /s/ Bruce Harmon
Bruce Harmon
Chief Financial Officer