2012 QUARTERLY REPORT

FOR THE QUARTER ENDING MARCH 31, 2012

A Nevada corporation.

CUSIP: 64157B 102
TRADING SYMBOL: NEVE

NEVO ENERGY, INC.
20400 Stevens Creek Blvd., Suite 740
Cupertino, CA 95014

NEVO ENERGY, INC.

QUARTERLY REPORT FOR THE PERIOD ENDED MARCH 31, 2012

The information set forth below follows Guidelines for Providing Adequate Current Information; as amended, outlined by OTC Markets, Inc., and generally follows the sequential format set forth in those rules. THIS QUARTERLY REPORT HAS NOT BEEN FILED WITH THE SEC OR ANY OTHER REGULATORY AGENY. On February 24, 2009, we filed our Initial Company and Disclosure Statement with the OTC Disclosure and News Service under our Company page on OTC Markets.com, and certain exhibits hereto can be found thereunder.

This Quarterly Report contains certain forward looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including or related to our future results, events and performance (including certain projections, business trends and assumptions on future financings), and our expected future operations and actions. In some cases, you can identify forward-looking statements by the use of words such as "may," "should," "plan," "future," "intend," "could," "estimate," "predict," "hope," "potential," "continue," "believe," "expect" or "anticipate" or the negative of these terms or other similar expressions. These forward-looking statements generally relate to our plans and objectives for future operations and are based upon management's reasonable estimates of future results or trends. In evaluating these statements, you should specifically consider the risks that the anticipated outcome is subject to, including the factors discussed under "RISK FACTORS" in our Annual Report dated December 31, 2011 and elsewhere.

> **We previously were a shell company; therefore the exemption offered pursuant to Rule 144 is not available. Anyone who purchased securities directly or indirectly from us or any of our affiliates in a transaction or chain of transactions not involving a public offering cannot sell such securities in an open market transaction.**

Item. 1 Exact name of the issuer and the address of its principal executive offices.

Name: NEVO ENERGY, INC.

Nevo Energy, Inc. was originally incorporated in Nevada on July 20, 1987 as "Swiss Cellular Laboratories, Inc." On June 15, 1995, we changed our name to "TMEX USA, Inc." As a result of a merger with Solargen Energy, Inc., a private Delaware corporation, on February 18, 2009, we amended our articles of incorporation and changed our name to "Solargen Energy, Inc."

On April 22, 2011, Solargen Energy, Inc. ("Solargen") announced on the OTC Markets' Exchange its intent to change its name to Nevo Energy, Inc. as a requirement of Solargen's Panoche Valley solar farm project asset sale.

On May 12, 2011 we amended our articles of incorporation and made all the necessary filings with FINRA and other regulatory agencies to enable Solargen's name to be changed on the OTC Markets Exchange to **Nevo Energy, Inc**. Solargen's stock symbol on the OTC Markets Exchanged was changed from SLGE to **NEVE** to correspond with the new Nevo Energy name. Nevo Energy's CUSIP is **64157B 102**.

Address of the issuer's principal executive offices.

As of May 15, 2012:
Issuer Principal Executive Office:

Nevo Energy, Inc.
20400 Stevens Creek, Suite 740, Cupertino, CA 95014
Attn: Adam McAfee, Chief Financial Officer
Phone: 408-418-2415
Fax: 408-252-8044
Email: amcafee@nevoenergy.com
Web site: www.nevoenergy.com

Investor Relations Contact:

Liviakis Financial Communications, Inc.
655 Redwood Hwy, Suite 395
Mill Valley, CA 94941
Attn: Mr. John Liviakis
Phone: (415) 389-4670
Fax: (415) 389-4694
Email: john@liviakis.com
Web site: www.liviakis.com

Item 2 Shares outstanding.

(i) AS OF MAY 15, 2012:

(ii) As of May 15, 2012, the issuer currently has an authorized capitalization consisting of 500,000,000 shares of common stock, $0.0001 par value ("Common Stock"); and 100,000,000 authorized shares of Preferred Stock, including (a) 5,000,000 authorized shares of Series A Preferred Stock, $0.0001 par value ("Series A Preferred Stock"), (b) 10,000,000 authorized shares of Series B Preferred Stock, $0.0001 par value ("Series B Preferred Stock"), (c) 10,000,000 authorized shares of Series C Preferred Stock, $0.0001 par value ("Series C Preferred Stock"), and (d) 75,000,000 remaining undesignated authorized shares of preferred stock ("Undesignated Preferred Stock") (collectively, the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and the Undesignated Preferred Stock shall be collectively referred to herein as the "Preferred Stock").

(iii) There are 14,935,448 shares of Common Stock issued and outstanding, 4,817,500 shares of Series A Preferred Stock issued and outstanding, 5,000,000 shares of Series B Preferred Stock issued and outstanding, and no shares of Series C Preferred Stock or Undesignated Preferred Stock issued or outstanding.

(iv) There are 18,011 freely tradable shares in the public float.

(v) The issuer had approximately 404 beneficial shareholders.

(vi) The issuer had approximately 343 shareholders of record holding Common Stock and 63 shareholders of record holding Preferred Stock.

(i) AS OF MARCH 31, 2012:

(ii) As of March 31, 2012, the issuer currently has an authorized capitalization consisting of 500,000,000 shares of common stock, $0.0001 par value ("Common Stock"); and 100,000,000 authorized shares of Preferred Stock, including (a) 5,000,000 authorized shares of Series A Preferred Stock, $0.0001 par value ("Series A Preferred Stock"), (b) 10,000,000 authorized shares of Series B Preferred Stock, $0.0001 par value ("Series B Preferred Stock"), (c) 10,000,000 authorized shares of Series C Preferred Stock, $0.0001 par value ("Series C Preferred Stock"), and (d) 75,000,000 remaining undesignated authorized shares of preferred stock ("Undesignated Preferred Stock") (collectively, the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and the Undesignated Preferred Stock shall be collectively referred to herein as the "Preferred Stock").

(iii) There are 14,935,448 shares of Common Stock issued and outstanding, 4,817,500 shares of Series A Preferred Stock issued and outstanding, 5,000,000 shares of Series B Preferred Stock issued and outstanding, and no shares of Series C Preferred Stock or Undesignated Preferred Stock issued or outstanding.

(iv) There were approximately 18,011 freely tradable shares in the public float.

(v) The issuer had approximately 404 beneficial shareholders.

(vi) The issuer had approximately 343 shareholders of record holding Common Stock and 63 shareholders of record holding Preferred Stock.

(i) AS OF THE YEAR ENDED DECEMBER 31, 2011:

(ii) As of December 31, 2011, the issuer currently has an authorized capitalization consisting of 500,000,000 shares of common stock, $0.0001 par value ("Common Stock"); and 100,000,000 authorized shares of Preferred Stock, including (a) 5,000,000 authorized shares of Series A Preferred Stock, $0.0001 par value ("Series A Preferred Stock"), (b) 10,000,000 authorized shares of Series B Preferred Stock, $0.0001 par value ("Series B Preferred Stock"), (c) 10,000,000 authorized shares of Series C Preferred Stock, $0.0001 par value ("Series C Preferred Stock"), and (d) 75,000,000 remaining undesignated authorized shares of preferred stock ("Undesignated Preferred Stock") (collectively, the Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock and the Undesignated Preferred Stock shall be collectively referred to herein as the "Preferred Stock").

(iii) There are 14,935,448 shares of Common Stock issued and outstanding, 4,817,500 shares of Series A Preferred Stock issued and outstanding, 5,000,000 shares of Series B Preferred Stock issued and outstanding, and no shares of Series C Preferred Stock or Undesignated Preferred Stock issued or outstanding.

(iv) There were approximately 18,011 freely tradable shares in the public float.

(v) The issuer had approximately 404 beneficial shareholders.

(vi) The issuer had approximately 343 shareholders holding Common Stock and 63 shareholders holding Preferred Stock.

Item 3 Interim financial statements.

At the end of this Quarterly Report as **Exhibit A**, and incorporated herein by reference, are the unaudited consolidated financial statements, which include the following:

1. Balance sheets as of March 31, 2012 and December 31, 2011;
2. Consolidated statements of operations for the three months ended March 31, 2012 and March 31, 2011, and for the period from October 4, 2006 (current business plan date of inception) through March 31, 2012;
3. Consolidated statements of cash flows for the three months ended March 31, 2012 and March 31, 2011, and for the period from October 4, 2006 (date of inception) through March 31, 2012.

These financial statements were prepared in accordance with generally accepted accounting principles.

Item 4 Management's Discussion and Analysis or Plan of Operation.

This Management's Discussion and Analysis (MD&A) Section contains forward-looking statements. These statements and other **s**tatements contained in this MD&A Section that are not purely historical fact are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, and are based on management's beliefs, certain assumptions and current expectations. The market opportunities, future plans and performance, objectives and expectations with respect to our future operations and solar development activities and the financial projections and estimates and their underlying assumptions, are all forward-looking statements subject to risks and uncertainties, including, but not limited to: the timing and success of our solar development efforts, and our ability to raise capital to pursue our business strategy. Readers are cautioned not to place any undue reliance on these forward-looking statements. Actual results may differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. The forward-looking statements contained in this MD&A Section are made as of the date hereof, and we do not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

A. Plan of Operation

Nevo Energy, Inc. (the "Company") is a public company pursuing business opportunities in renewable energy. Beginning October 2006 Nevo Energy, acting at the time with the name "Solargen Energy, Inc." ("Solargen") developed a 399-megawatt (MW) photovoltaic solar farm located in the Panoche Valley of San Benito County, California (the "Project"). In November 2010 San Benito County certified the Panoche Valley Solar Farm Environmental Impact Report and later issued a Conditional Use Permit. On April 19, 2011 Solargen executed definitive agreements with PV2 Energy, LLC, a California limited liability company ("PV2"), to sell the Panoche Valley Solar Farm assets (the "PVSF" or "Project"). Solargen shareholders will continue to have a financial stake in the project through liquidation right from PV2 providing for 15% of net proceeds received by PV2 on the sale or partial sale of the PVSF asset. Certain Solargen employees, including Solargen's Vice President of Project Development and Officer, Eric Cherniss and Solargen's Advisor, John Pimentel, joined PV2 Energy to keep the project moving forward. In addition, the majority of Solargen's vendors will continue to be dedicated to moving the project toward completion.

As is common with California solar projects, the Panoche Valley solar farm Final Environmental Impact Report ("Final EIR") was challenged based on the adequacy of following the California Environmental Quality Act ("CEQA"). The EIR was successfully defended by Solargen Energy Inc, the developer, and San Benito County, the sponsor organization. On August 8, 2011, a San Benito County Superior Court judge adjudicated the case and later determined the Final EIR to be "sufficiently thorough" to support the San Benito County Board of Supervisors' decision to approve the Final EIR.

Going forward, the Company will seek out new renewable energy projects and related business opportunities. We have been financed through the raising of debt and equity capital and anticipate that we will continue to operate at a loss for some time. Currently we do not have enough capital to meet operational needs. For the foreseeable future, we expect to rely on funds raised from Company insiders, external debt and equity investment to provide for operating expenses. We have not paid cash for our employee, non-employee or director services and expect to continue to accrue wages until a liquidity event occurs and generates cash from our residual ownership in the Panoche Valley solar farm. We do not expect to hire any new employees until we secure a new project and raise capital to fund the project. We currently have no binding commitments for external or internal sources of additional capital. Anticipated expenditures depend on the results of investigations to partner, license or acquire equipment and property to build out renewable energy projects.

C. Off-Balance Sheet Arrangement.

As of the date of May 15, 2012, there are no "Off-Balance Sheet" Arrangements. The Company has not entered into any definitive agreements that unconditionally bind or subject the Company to customary closing conditions that would create "off-balance sheet" arrangements in the future.

Item 5 Legal Proceedings

Nevo Energy has no action or legal proceeding of any nature pending or anticipated at this time.

Item 6 Defaults upon senior securities.

We are not in default on the terms of any note, loan, lease, or other indebtedness or financing arrangement.

Item 7 Other Information.

None.

Item 8 Exhibits.

Exhibit A provides Quarterly Financial Statements for the period ended March 31, 2012 (see Item 3 above).

Item 9 Certifications

I, Michael L. Peterson, certify that:

1. I have reviewed this Quarterly Report prepared by Nevo Energy, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/ Michael L. Peterson
Michael L. Peterson, President

Date: May 15, 2012

EXHIBIT A

QUARTERLY REPORT

For Three Months Ended March 31, 2012
and March 31, 2011,
and Inception-to-Date

Financial Statements
and
Notes to Financial Statements

NEVO ENERGY, INC.

20400 Stevens Creek Blvd., Suite 740
Cupertino, CA 95014

NEVO ENERGY, INC.
Consolidated Financial Statements
(Unaudited)

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NEVO ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 31,037	$ 511
Prepaid and other current assets	-	-
Total current assets	31,037	511
Equipment, net	-	-
Total assets	**$ 31,037**	**$ 511**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 455,707	368,171
Accrued taxes payable	160,193	157,814
Accrued payroll liabilities	676,558	605,509
Promissory notes	387,983	357,983
Other current liabilities	129,338	120,085
Total current liabilities	1,809,779	1,609,562
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common Stock - $.0001 par value; 500,000,000 authorized; 14,935,448 and 14,935,448 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	1,494	1,494
Convertible Preferred stock, $0.0001 par value; 100,000,000 shares authorized at March 31, 2012 and December 31, 2011		
Series A Preferred - $.0001 par value; 5,000,000 designated; 4,817,500 and 4,817,500 shares issued and outstanding; and aggregate liquidation preference of $4,817,500 and $ 4,817,500, at March 31, 2012 and December 31, 2011, respectively	4,719,895	4,719,895
Series B Preferred - $.0001 par value; 5,000,000 designated; 5,000,000 and 5,000,000 shares issued and outstanding; and aggregate liquidation preference of $10,000,000 and $10,000,000, at March 31, 2012 and December 31, 2011, respectively	4,998,600	4,998,600
Additional paid-in capital	653,626	653,626
Deficit accumulated during the development stage (quasi-reorganization 10/31/06)	(12,152,357)	(11,982,666)
Total stockholders' equity deficit	(1,778,742)	(1,609,051)
Total liabilities and stockholders' equity	**$ 31,037**	**$ 511**

The accompanying notes are an integral part of the consolidated financial statements

NEVO ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended March 31, 2012	2011	Period from October 4, 2006 (date of inception) through March 31, 2012
Operating Expenses:			
General and administrative expenses	$ 165,291	$ 804,348	$ 12,140,186
Loss before income taxes	(165,291)	(808,348)	(12,140,186)
Income taxes	(4,400)	(4,000)	(12,171)
Net loss	$ (169,691)	$ (808,348)	$ (12,152,357)
Loss per common share Basic and Diluted	$ (0.01)	$ (0.06)	$ (1.18)
Weighted average shares outstanding Basic and Diluted	14,935,448	14,611,665	10,290,892

The accompanying notes are an integral part of the consolidated financial statements

NEVO ENERGY, INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the three months ended March 31, 2012	2011	Period from October 4, 2006 (date of inception) through March 31, 2012
Operating activities:			
Net loss	$ (169,691)	$ (808,348)	$ (12,152,357)
Adjustments to reconcile net loss to			
net cash provided by (used in) operating activities:			
Depreciation	-	2,181	15,996
Stock-based compensation	-	80,010	620,845
Changes in assets and liabilities:			
Accounts payable	87,536	280,706	455,707
Prepaids	-	(65,235)	-
Other liabilities	82,681	165,337	853,039
Net cash used in operation activities	526	(345,349)	(10,206,770)
Investing activities:			
Purchase of equipment	-	-	(15,996)
Purchase of land options	-	(89,000)	-
Net cash used by investing activities	-	(89,000)	(15,996)
Financing activities:			
Issuance of Common Stock at par value	-	-	131,214
Issuance of Series A Preferred Stock at par value	-	-	3,255,596
Issuance of Series B Preferred Stock at par value	-	-	4,999,010
Warrant exercise	-	-	1,480,000
Issuance of promissory notes	30,000	371,720	387,983
Net cash provided by financing activities	30,000	371,720	10,253,803
Net cash increase (decrease) for period	30,526	(62,629)	31,037
Cash and cash equivalents at beginning of period	511	67,338	-
Cash and cash equivalents at end of period	$ 31,037	$ 4,709	$ 31,037
Supplemental disclosure of cash flow information, cash paid:			
Income taxes, net of refunds	$ 4,400	$ 4,000	$ 8,835
Supplemental disclosure of non-cash activity			
Fair value of common stock warrants issued to placement agents	$ -	$ -	$ 16,111
Fair value of common stock warrants issued to note holders	$ -	$ 9,159	$ 9,159
Conversion of convertible promissory notes into Series B Preferred stock	$ -	$ -	$ 1,120,539

The accompanying notes are an integral part of the consolidated financial statements

NEVO ENERGY, INC.
(A Development Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Activities and Summary of Significant Accounting Policies.

Nature of Activities. The consolidated financial statements include the accounts of Nevo Energy ("Nevo" or "Company"), formerly known as Solargen Energy, Inc. ("Solargen"), a Nevada corporation and its subsidiaries, (i) Solargen Holdings, Inc., a Delaware corporation and its subsidiary Solargen Development, a Delaware limited liability company. In late December 2011, Nevo subsidiaries Solargen Energy, Inc., a Delaware corporation and Solargen Commercial Services, Inc., a Delaware corporation, filed for dissolution with the State of Delaware and cancellation through the California Secretary of State. We have been in the business of developing large-scale solar farms as a Solar Independent Power Producer. In 2011 we made substantial progress on permitting a solar farm on approximately 4,717 acres in Panoche Valley with options to purchase approximately 16,135 acres of land for solar development and environmental mitigation and an easement on an additional 10,864 acres. On April 19, 2011 Solargen sold its Panoche Valley development assets, its sole solar development project, to PV2 Energy, a California limited liability company. As per the asset sale agreement, Solargen was required to change its name to "Nevo Energy."

With the sale of our sole development project, we are a "shell company" as defined in Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act, as well as Securities and Exchange Commission ("SEC") Release Number 33-8407. The term "shell company" means a public company, other than an asset-backed issuer, that has no or nominal operations, and either: (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets.

We intend to seek out and pursue a business combination transaction with an existing private business enterprise that might have a desire to take advantage of the Company's status as a public corporation and our industry expertise. At this time, management intends to target renewable energy projects, but will consider any project and judge any opportunity on its individual merits. Any such transaction will likely have a dilutive effect on the interests of our shareholders that will, in turn, reduce each shareholder's proportionate ownership and voting power in the Company.

Business Background. Nevo Energy, Inc. is a Nevada corporation, formerly known as Solargen Energy, Inc. and TMEX USA, Inc, and originally incorporated on July 20, 1987 as Swiss Cellular Laboratories, Inc. TMEX USA, Inc. merged with Solargen Energy, Inc., a private development stage solar company on February 18, 2009. Around the time of the merger TMEX USA, Inc. amended its articles of incorporation, changed its name to "Solargen Energy, Inc.," changed its trading symbol to SLGE.PK, and effectuated a reverse stock split on a 2,001:1 basis. On May 12, 2011, Solargen changed its name to Nevo Energy, Inc.

Development Stage Enterprise. We prepare our statements in accordance with the Development Stage Enterprise guidance as specified in FASB Accounting Standards Codification ("ASC") 915 "Development Stage Entities".

Principles of Consolidation. The condensed consolidated financial statements include the accounts of our parent company and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The accompanying condensed consolidated balance sheets, the condensed consolidated statements of operations and the condensed consolidated statements of cash flows are unaudited. The condensed consolidated financial statements in this report should be read in conjunction with the 2011 annual financial statements and notes thereto included in the Company's annual report for the year ended December 31, 2011. Except as noted below, the significant accounting policies remain unchanged since December 31, 2011.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) and pursuant to the rules and regulations of the OTC Markets exchange. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations.

In the opinion of management, the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2012 and 2011 have been prepared on the same basis as the unaudited consolidated statements as of December 31, 2011 and reflect all adjustments, consisting primarily of normal recurring adjustments, necessary for the fair presentation of its statement of financial position, results of operations and cash flows. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the operating results for any subsequent quarter, for the full fiscal year or any future periods.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Significant estimates, assumptions and judgments made by management include the valuation of equity instruments such as warrants

and options, the recognition and measurement of current taxes payable and deferred tax assets or liabilities, and judgment about contingent liabilities and expense accruals. Management believes that the estimates and judgments upon which they rely are reasonable based upon information available to them at the time these estimates and judgments were made. To the extent there are material differences between these estimates and actual results, our consolidated financial statements will be affected.

Cash and Cash Equivalents. We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. We maintain cash balances in domestic financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). Our accounts at these institutions may exceed federally insured limits. We have not experienced any losses in such accounts.

Property, Plant and Equipment. Property, plant and equipment are carried at cost less accumulated depreciation after assets are placed in service. We sold our primarily assets consisting of measurement equipment and land options in April 2011 as part of the Panoche Valley solar farm sale. We normally compute depreciation using a straight-line method over the useful life of the assets.

Reverse Stock Split. On February 24, 2009, our board of directors declared a 2001-for-one reverse stock split. All share amounts have been retroactively adjusted to reflect the stock split.

Income Taxes. We recognize income taxes in accordance with ASC 740 "Income Taxes," using an asset and liability approach. This approach requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. The measurement of current and deferred taxes is based on provisions of enacted tax law.

ASC 740 provides for recognition of deferred tax assets, if the realization of such assets is more likely than not to occur. Otherwise, a valuation allowance is established for the deferred tax assets, which may not be realized. As of March 31, 2012 and 2011, we recorded a full valuation allowance against our net deferred tax assets due to operating losses incurred since inception. Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets were fully offset by a valuation allowance.

We are subject to income tax audits by the respective tax authorities in all of the jurisdictions in which we operate. The determination of tax liabilities in each of these jurisdictions requires the interpretation and application of complex and sometimes uncertain tax laws and regulations. The recognition and measurement of current taxes payable or refundable and deferred tax assets and liabilities requires that we make certain estimates and judgments. Changes to these estimates or a change in judgment may have a material impact on our tax provision in a future period.

ASC 740 requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. We record a liability for the difference between the benefits recognized and measured and the tax position taken or expected to be taken on our tax return. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. We report tax-related interest and penalties as a component of income tax expense.

Basic and Diluted Net Loss per Share. Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding for the period, net of shares subject to repurchase. Diluted loss per share reflects the dilution of common stock equivalents such as convertible preferred stock and warrants to the extent the impact is dilutive. As we incurred net losses for the three months ended March 31, 2012 and 2011 and for the period from October 4, 2006 (inception date) through March 31, 2012, all potentially dilutive securities have been excluded from the diluted net loss per share computations, as their effect would be anti-dilutive.

The following table shows the weighted-average number of potentially dilutive shares excluded from the diluted net loss per share calculation for the three months ended March 31, 2012 and 2011 and for the period from October 4, 2006 (inception date) through March 31, 2012:

Shares EXCLUDED in Diluted Net Loss per Share Calculation	For the three months ended		Period from October 4, 2006 (inception date) through
	March 31, 2012	March 31, 2011	March 31, 2012
Series A preferred stock	4,817,500	4,817,500	2,183,776
Series B preferred stock	5,000,000	5,000,000	1,564,122
Warrants - Common	377,458	213,627	112,626
Warrants - Series A	-	-	84,768
Warrants - Series B	5,000,000	5,000,000	1,564,122
Stock options	5,206,213	5,206,213	1,666,992
Unvested restricted stock	-	323,783	305,474
Total weighted average number of potentially dilutive shares excluded from the diluted net loss per share calculation	20,401,171	20,561,123	7,481,880

Restricted Stock. We granted restricted stock awards, restricted by a service condition, with vesting periods of up to 3 years. Restricted stock awards are valued using the fair market value of our common stock as of the date of grant. We recognize compensation expense on a straight-line basis over the requisite service period of the award. The remaining unvested shares are subject to forfeitures and restrictions on sale, or transfer, up until the vesting date. The sale of the Panoche Valley solar farm activated a Management Change of Control Agreement immediately vesting all restricted stock at the close of the transaction in April 2011.

Share-Based Payment. We recognize expense related to the fair value of our stock-based compensation awards adjusted to reflect only those shares that are expected to vest. We made the following estimates and assumptions in determining fair value of stock options:

- *Valuation and amortization method* — We estimate the fair value of stock options granted using the Black-Scholes-Merton option-pricing formula and a single option award approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.
- *Expected Term* — Our expected term represents the weighted-average period that our stock-based awards are expected to be outstanding. We applied the "Simplified Method" as defined in the Securities and Exchange Commission's Staff Accounting Bulletin No. 107 and 110.
- *Expected Volatility* — Our expected volatilities are based on the historical volatility of comparable public companies' stock for a period consistent with our expected term.
- *Expected Dividend* — The Black-Scholes-Merton valuation model calls for a single expected dividend yield as an input. We currently pays no dividends and do not expect to pay dividends in the foreseeable future.
- *Risk-Free Interest Rate* — We base the risk-free interest rate on the implied yield currently available on United States Treasury zero-coupon issues with an equivalent remaining term.

Weighted-average fair value calculations for options granted within the period were made using the Black-Scholes-Merton option pricing model with the following assumptions:

Employee and Non-Employee Stock Options	For the three months ended		For the period from October 4, 2006 (inception date) through
	March 31, 2012	March 31, 2011	March 31, 2012
Risk-free interest rate	1.04%	2.00%-2.21%	0.76%-3.47%
Expected volatility	119.43%	88.23%	88.23%-119.43%
Expected life (years)	5	5	4.14-10.00
Common stock weighted average fair value per share	$0.00	$0.10	$0.13
Dividend yield	— %	— %	—%

Weighted-average fair value calculations for warrants granted within the period were made using the Black-Scholes-Merton option pricing model with the following assumptions:

Warrants	For the three months ended March 31, 2012	March 31, 2011	For the period from October 4, 2006 (inception date) through March 31, 2012
Risk-free interest rate	1.04%	2.00%-2.21%	0.95%-3.06%
Expected volatility	119.43%	88.23%	88.23%-119.43%
Expected life (years)	5	5	5 - 7
Common stock weighted average fair value per share	$0.00	$0.10	$0.13
Dividend yield	—	—	—

Concentration of Credit Risk. Financial instruments that potentially subject us to concentrations of credit risk are primarily cash and cash equivalents. We mitigate our risk with respect to cash and cash equivalents by maintaining our deposits at high-quality financial institutions and monitoring the credit ratings of those institutions.

Fair Value Measurement. Fair value, as defined in ASC Topic 820 "Fair Value Measurement and Disclosures," is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, whether an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, our credit risk.

Valuation techniques are generally classified into three categories: the market approach, the income approach, and the cost approach. The selection and application of one or more of the techniques requires significant judgment and are primarily dependent upon the characteristics of the asset or liability, the principal (or most advantageous) market in which participants would transact for the asset or liability and the quality and availability of inputs. Inputs to valuation techniques are classified as either observable or unobservable within the following hierarchy:

Level 1 Inputs

These inputs come from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs

These inputs are other than quoted prices that are observable, for an asset or liability. This includes: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs

These are unobservable inputs for the asset or liability, which require our own assumptions. As required by ASC Topic 820, financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. Our only financial asset carried at fair value is cash held in a commercial bank accounts with short-term maturities. We consider the statements we receive from the bank as a quoted price (Level 1 measurement) for cash and measure the fair value of this asset using the bank statements. Both the carrying amount and the fair market value (Level 1) at March 31, 2012 and December 31, 2011 were $31,037 and $511, respectively.

Recent Accounting Pronouncements.

We do not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

2. Ability to Continue as a Going Concern.

The accompanying financial statements have been prepared on the going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. We have experienced net losses since inception of -$12,152,357 and net cash used in operations since inception of -$10,206,770. Our activities are developmental in nature, and as such, we have yet to generate any revenues. These factors raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern and carry out our business plan is dependent on several factors, including the ability to raise a significant amount of capital for project development, capital expenditures, and operating expenses. We need to raise significantly more capital and secure a significant amount of debt to complete our business plan and continue as a going concern.

Management believes that it will be able to raise additional capital through equity offerings and debt financings to develop our next project.

3. Equipment.

After selling our assets to PV2 Energy, Inc., as part of our solar farm sale, Nevo Energy has no equipment on its books.

	March 31, 2012	December 31, 2011
Equipment	$ —	$ —
Less accumulated depreciation	(—)	(—)
Total net property and equipment	$ —	$ —

For the three months ended March 31, 2012 and 2011, and for the period from October 4, 2006 (inception date) to March 31, 2012, we recorded $0, $2,181, and $15,996, in depreciation respectively.

4. Land Options.

We acquired options to purchase 16,135 acres of land in Central California and options to purchase an easement on an additional 10,864 acres. The terms of these options were typically from two years to four years and provided us the right to acquire the land at a set price per acre subject to the satisfaction, in our sole discretion, of our due diligence. On April 19, 2011 we transferred the ownership rights and obligations associated with the land option payments to PV2 Energy and its affiliate companies. We retain a 10 percent member interest in PV2 Energy Land Holding LLC. We carry no value for the land options on our balance sheet due to our lack of control over the option agreements. There is still significant risk associated with the completion of the solar farm projects. In addition, any cash earned from Nevo Energy's membership interest in PV2 Energy Land Holding LLC will be distributed according to the Asset Sale Agreement. The Panoche Valley Sale Agreement stipulates profit interests and cash distributions go to the Nevo Energy shareholders listed on the sale transaction disclosure. Nevo Energy will not retain any profits from the sale transaction within the corporation.

5. Accrued Taxes Payable.

Accrued Taxes Payable resulted from $87,084 of delinquent payroll tax liabilities for the periods from March 31, 2001 to December 1, 2001 plus accrued interest and penalties. We inherited the obligation from our public merger with TMEX USA, Inc. in 2009. See *Note 10 Commitments and Contingencies*.

6. Accrued Payroll Liabilities.

Our payroll liabilities resulted from accrued, but not paid, salaries and benefits to employees.

7. Promissory Notes.

On December 31, 2010, Navitas Capital LLC loaned $65,000 with an annual interest rate charge of 10% and received warrants to purchase 50,000 shares of Solargen Energy Common Stock at a $ 0.20 per share strike price. The right to exercise the warrants is for five years. Adam McAfee, Nevo Energy's CFO, serves as managing member and has a 4.6% ownership interest in Navitas Capital LLC. Michael Peterson, Nevo Energy's CEO, has a 4.6% passive investor ownership interest in Navitas Capital. On April 21, 2012, Navitas Capital LLC amended the existing loan agreement by drawing an additional $30,000 against their existing 10% unsecured note. Navitas Capital LLC received amendment fees consisting of (i) $6,500 in extension fees added to the existing loan and (ii) 95,000 shares of Nevo Energy, Inc. common stock warrants exercisable over five years at a strike price of $0.01 per share. As of March 31, 2012, $110,279 remains outstanding on the Navitas Capital obligation.

In March 2011 Park Capital Management, LLC loaned $18,000 through a series of Promissory Notes with annual interest rates of 10%

and received warrants to purchase 13,500 shares of Nevo Common Stock at a $ 0.20 per share strike price. The right to exercise the warrants lasts for five years. Adam McAfee, Nevo Energy's CFO, serves as a managing member and has 50% ownership interest in Park Capital Management LLC. These common stock warrants all bear a restricted legend. As of March 31, 2012, $8,893 remains outstanding on the Park Capital Management obligation.

In March 2011 the Peterson Family Trust loaned $19,000 through a series of Promissory Notes with annual interest rates of 10% and received warrants to purchase 10,500 shares of Solargen Energy Common Stock at a $ 0.20 per share strike price. The right to exercise the warrants lasts for five years. Michael Peterson, Nevo Energy's CEO and President serves as trustee and has 50% ownership interest in the trust. These common stock warrants all bear a restricted legend. As of March 31, 2012, $9,973 remains outstanding on the Peterson Family Trust obligation.

On March 31, 2011, Mr. Cagan loaned $250,000 under a Convertible Secured Promissory note carrying a ten percent per annum interest rate, and optional equity conversion rights substantially similar or better than the Series C preferred stock term sheet presented at the time of loan. In the event of conversion, Mr. Cagan would be granted warrants to purchase 500,000 shares of the Series C Preferred at $0.50 cents per share with a five-year term and cashless exercise provision. A first priority lien against the Company assets secured the loan. A right to terminate the CAISO Interconnection Application upon written notice provided addition security to the Lender. The proceeds for the loan were restricted to being used by the Company for the Panoche Valley solar farm California ISO 300 MW interconnect review application fee paid on March 31, 2011. As part of the PV2 Energy purchase of the Panoche Valley solar farm project, a $250,000 negotiated payoff amount removed the remaining loan obligation and liens against the Company's assets. Laird Q. Cagan owns common shares in Nevo Energy and is engaged by the Company as a registered representative to sell securities for our firm. As of March 31, 2012, Laird Q. Cagan had no outstanding loan balances with the Company.

In March 2011 John Pimentel loaned $10,000 through a Promissory Note with annual interest rate of 10% and received warrants to purchase 7,500 shares of Nevo Energy Common Stock at a $0.20 per share strike price. The right to exercise the warrants lasts for five years. John Pimentel owns common shares in Nevo Energy and was previously employed as an advisor to the Company. These common stock warrants all bear a restricted legend. As of March 31, 2012, John Pimentel's Note had no outstanding loan balances.

From January to September 15, 2011 McAfee Capital, LLC loaned $172,720 through a series of Promissory Notes with annual interest rates of 10% and received warrants to purchase 129,539 shares of Nevo Energy Common Stock at a $ 0.20 per share strike price and a five year right to exercise the warrants. These common stock warrants all bear a restricted legend. As of March 31, 2012, this series of McAfee Capital LLC loans has an outstanding balance of $189,910.

On April 12, 2011 McAfee Capital, LLC agreed to convert $41,112 of its then outstanding paralegal services bills to a promissory note bearing a 10 percent annual interest rate and a maturity date of April 12, 2018. As of March 31, 2012 a balance of $45,311 remains outstanding on McAfee Capital's paralegal services loan.

On April 12, 2011 Aemetis, Inc. (formerly known as AE Biofuels, Inc.) agreed to convert $62,151 of its then outstanding rent receivables from Nevo Energy to a promissory note bearing a 10 percent annual interest rate and a maturity date of April 12, 2018. As of March 31, 2012 a balance of $68,499 remains outstanding on the Aemetis loan.

8. Other Current Liabilities.

From the middle of December 2010 to December 31, 2011, Nevo Energy employees advanced a portion of their salaries to assure continuation of health and other employee benefits, while the Company pursues its next project. Other current liabilities include accrued interest payments on outstanding notes and accrued outstanding vendor obligations.

	March 31, 2012	December 31, 2011
Advances	$ 88,071	$ 88,071
Accrued interest & vendor liabilities	41,267	32,015
Total other current liabilities	$ 129,338	$ 120,086

Our payroll liabilities resulted from accrued, but not paid, salaries and benefits to employees.

9. Operating Leases.

In July 2009 we entered into a non-cancelable operating lease with Aemetis, Inc. for approximately 3,000 square feet of office space in Cupertino, California. This lease expires May 31, 2012 and requires payment of lease plus our share of operating expenses. We record rent expense on a straight-line basis. Future minimum operating lease payments as of March 31, 2012 follow:

	Rental Payments
2012	13,871
Total	$ 13,871

For the three months ended March 31, 2012 and 2011 and for the period from October 4, 2006 (date of inception) through March 31, 2012, we recorded rent expense of $20,806, $22,006 and $234,462, respectively, before utilities, telephone and network services charges. With fully burdened rent charges, expenses for the three months ended March 31, 2012 and 2011 and for the period from October 4, 2006 (date of inception) through March 31, 2012, were $33,169, $34,841 and $367,845. See *Note 15 Related Party Transactions*.

We have an arrangement with Aemetis, Inc. to convert our unpaid lease obligations over 2011 and the first quarter of 2012 to a long-term promissory note at the end of the lease term in May 2012. As of March 31, 2012, we owed $68,499 against an existing promissory note secured to cover the lease obligations up to April 12, 2011 and $116,219 in accrued, but unpaid rents from May 2011 to March 2012, which will be converted to a note at the end of the lease term. See *Note 15 Related Party Transactions.*

10. Commitments and Contingencies.

Nevo Energy, Inc. assumed delinquent payroll tax liabilities for the periods from March 31, 2001 to December 1, 2001 when it merged with TMEX USA in February 2009. The IRS and State of California Employment Development Department liens were placed prior to TMEX USA's bankruptcy. The accrued interest and penalties carried on our accounting books at March 31, 2012 and 2011 were $160,193 and $150,887, respectively. The liability was initially recognized in October 2006 in the amount of $113,050. A settlement has been proposed and rejected by the IRS. This tax matter is currently on appeal with the IRS.

11. Stockholders' Equity.

Common Stock Reserved for Issuance

Our authorized capital includes 500,000,000 shares of common stock, $0.0001 par value ("Common Stock"). Shares of common stock reserved for future issuance as of March 31, 2012 and December 31, 2011 follow:

Potential dilutive stock	March 31, 2012	December 31, 2011
Convertible Series A preferred stock	4,817,500	4,817,500
Convertible Series B preferred stock	5,000,000	5,000,000
Series B warrants	5,000,000	5,000,000
Common stock warrants	460,974	365,974
Issued employee stock options	5,206,213	5,206,213
Stock options available for future issuance	2,002,287	1,398,037
Total potential dilutive stock reserved	**22,486,974**	**21,787,724**

Convertible Preferred Stock

On June 25, 2010, after obtaining the requisite board and stockholder approval, the Company filed its Third Amended and Restated Articles of Incorporation with the State of Nevada. The Third Amended and Restated Articles of Incorporation (the "Amended Articles"), among other things, authorized us to issue up to 100,000,000 shares of preferred stock, $0.0001 par value, in one or more classes or series within a class upon authority of the board without further stockholder approval, including (a) 5,000,000 designated shares of Series A Preferred Stock, $0.0001 par value, (b) 10,000,000 designated shares of Series B Preferred Stock, $0.0001 par

value, (c) 10,000,000 designated shares of Series C Preferred Stock, $0.0001 par value, and 75,000,000 remaining undesignated authorized shares of preferred stock ("Undesignated Preferred Stock") (collectively, the Series A, Series B and Series C Preferred Stock and the Undesignated Preferred Stock shall be collectively referred as the "Preferred Stock").

From June 25, 2010 to December 14, 2010 Solargen Energy, Inc. issued 5,000,000 shares of Series B Preferred stock for an aggregate purchase price of $5,000,000, which consisted of $3,878,462 in cash and $1,121,538 from the conversion of promissory notes and associated accrued interest on notes. In connection therewith, from June 25, 2010 to December 14, 2010 Solargen Energy, Inc. issued to the same investors 5,000,000 Series B Preferred Stock warrants with a five-year term exercisable at $1.00 per share. These shares and warrants bear a restricted legend.

Pursuant to the terms of the Company's Amended Articles, the rights, preferences, and limitations of the Preferred Stock and Common Stock are summarized as follows:

Liquidation Preference. In the event of any liquidation or winding up of the Company, the holders of the Series A Preferred Stock, *pari-passu* with other series of Preferred Stock, shall be entitled to receive in preference to the holders of Common Stock an amount equal to one times (1x) the Series A Preferred Original Purchase Price ($1.00), plus any dividends accrued but unpaid on the Preferred Stock. In the event of any liquidation or winding up of the Company, holders of the Series B Preferred Stock, *pari-passu* with other series of Preferred Stock, shall be entitled to receive in preference to the holders of Common Stock an amount equal to two times (2x) the Series B Preferred Original Purchase Price ($1.00), plus any dividends accrued but unpaid on the Preferred Stock. In the event of any liquidation or winding up of the Company, holders of the Series C Preferred Stock, *pari-passu* with other series of Preferred Stock, shall be entitled to receive in preference to the holders of Common Stock an amount equal to one times (1x) the Series C Preferred Original Purchase Price ($3.00), respectively, plus any dividends accrued but unpaid on the Preferred Stock. After full payment of the liquidation preference under a liquidation or winding up of the Company, any remaining proceeds shall be paid to the holders of Common Stock.

Qualified Liquidation. In the event that the holders of two-thirds of the then outstanding shares of Preferred Stock (voting together) so elect by a written consent, the voluntary sale, conveyance, lease, exchange or transfer of a majority of the assets of the Corporation on a consolidated basis, or of a majority of the assets of any subsidiary of the Corporation, or a consolidation or merger of the Corporation, or any subsidiary of the Corporation, with one or more other corporations or other entities (where, as the result of such merger or consolidation, the stockholders of the Corporation, or any subsidiary of the Corporation, shall own less than 50% of the voting securities of the surviving corporation), shall be deemed to be a "Qualified Liquidation." Upon a "Qualified Liquidation," the holders of Series A and Series B Convertible Preferred Stock shall be entitled to receive a distribution on each share of Series A or Series B Convertible Preferred Stock then held by them equal to the Liquidation Preference for such share of Series A or Series B Convertible Preferred Stock. In such event, the Series A and the Series B Convertible Preferred Stock shall be paid their Liquidation Preference of their proportionate share on a *pari-passu* basis.

Dividends. Annual 5% non-cumulative dividends on Series A, Series B, and Series C Preferred Stock, payable when, as and if declared by the Board, and prior and in preference to any declaration or payment of dividends on other shares of capital stock. Payment of any dividends to the holders of the Preferred Stock shall be on a *pro rata*, *pari-passu* basis in proportion to the dividend rates for each series of Preferred Stock. For any other dividends or similar distributions, Preferred Stock participates with Common Stock on an as-converted basis.

Voting Rights. The Series A, Series B, and Series C Preferred Stock will vote together with the Common Stock and not as a separate class, except as specifically provided or as otherwise required by law. Each share of Series A, Series B, and Series C Preferred Stock shall have a number of votes equal to the number of shares of Common Stock then issuable upon conversion of such share of Series A, Series B, and Series C Preferred Stock.

Protective Provisions. So long as any shares of Series A, Series B, and Series C Preferred Stock are outstanding, the Company shall not without first obtaining the approval (by written consent, as provided by law) of the holders of at least two-thirds of the then outstanding shares of Preferred Stock, voting together as a class: (i) authorize a total liquidation, dissolution, winding up, recapitalization or reorganization of the Company; (ii) effect an exchange, reclassification, or cancellation of all or a part of the Series A, Series B, and Series C Preferred Stock; (iii) increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A, Series B, and Series C Preferred Stock; (iv) effect an exchange, or create a right of exchange, of all or part of the shares of another class of shares into shares of Series A, Series B, and Series C Preferred Stock; or (v) alter or change the rights, preferences or privileges of the shares of Series A, Series B, and Series C Preferred Stock so as to affect adversely the shares of such series, including the conversion rate.

Optional Conversion. The holders of the Series A, Series B, and Series C Preferred Stock shall have the right to convert their shares of Series A, Series B, and Series C Preferred Stock, at any time, into shares of Common Stock at the then effective conversion rate. The conversion rate of the Series A, Series B, and Series C Preferred Stock is one share of Common Stock

shares for each share of Series A, Series B, and Series C Preferred Stock, respectively, subject to adjustment as provided in the Amended Articles.

Mandatory Conversion. Each share of Series A, Series B, and Series C Preferred Stock shall be automatically converted to Common Stock if the Company: (a) consummates the sale of its capital stock at a sale price equal to or exceeding $3.00 per share and the aggregate proceeds to the Company equal to or exceed $20,000,000, and (b) becomes a publicly reporting company under the Securities and Exchange Act of 1934, as amended and the Corporation's Common Stock is traded on a national exchange;

Further, each share of Series A, Series B, and Series C Preferred Stock shall be automatically converted to Common Stock if the holders of the majority of the then outstanding shares of Preferred Stock elect to consummate an automatic conversion.

Additionally, each share of Series B Preferred Stock shall be automatically converted to Common Stock, if the Liquidation Preference of the outstanding Series B Preferred Stock has been paid in full pursuant to one or more Qualified Liquidations.

Adjustments. The conversion rate of the Series A, Series B, and Series C Preferred Stock will be adjusted in the event of any subdivisions or combinations of the Company's Common Stock. The applicable Dividend Rate, Original Issue Price and Liquidation Preference of the Preferred Stock will be adjusted for any subdivisions or combinations of the Company's Preferred Stock.

Preemption. The holders of Series A, Series B, and Series C Preferred Stock have no preemptive rights; however, certain holders of Series A and Series B Preferred Stock have negotiated a right of first refusal on sales of future equity offerings of the Company under the Stockholders Agreement referenced above.

Redemption. The Company has no obligation to redeem the Common Stock or Series A, Series B and Series C Preferred Stock; provided however, that each share of Series A Preferred Stock (but not less than all) shall be considered automatically redeemed and cancelled upon the full payment of the Liquidation Preference to all outstanding holders of Series A Preferred Stock pursuant to one or more Qualified Liquidations.).

Undesignated Preferred. The Undesignated Preferred stock was authorized without additional description or details and may be amended by the Board of Directors. There are no dividends, voting, conversion, or liquidation rights of the Undesignated Preferred Stock at this time.

12. Private Placement Preferred Stock Warrants and Advisor Warrants.

Weighted-average fair value calculations for warrants granted within the periods indicated below were made using the Black-Scholes-Merton option-pricing model with the following assumptions:

	For the three months ended		For the period from October 4, 2006 (inception date) through
Warrants	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**
Risk-free interest rate	1.04%	2.00%-2.21%	0.95%-3.06%
Expected volatility	119.43%	88.23%	88.23%-119.43%
Expected life (years)	5	5	5 - 7
Common stock weighted average fair value per share	$0.00	$0.10	$0.13
Dividend yield	—	—	—

In June, September and October, 2009, we issued warrants to purchase 60,000 shares of Common Stock to placement agents at an exercise price of $1.00 per share exercisable for a period of seven years from the date of issuance with provisions for immediate vesting, net exercise and transferability. We recorded issuance costs against Series A Preferred Stock for the year ended December 31, 2009 in the amount of $15,701 for the fair value of these warrants. This charge was estimated using the Black-Scholes-Merton model and the assumptions stated above.

For the year ended December 31, 2010, the placement agents exercised warrants to purchase 7,076 shares of common stock issued in connection with sales of our Series A Preferred Stock. No warrants were issued to the placement agent prior to September 30, 2009.

In May 2009 we issued warrants to purchase 85,000 shares of Common Stock in connection with services provided under advisor agreements at an exercise price of $1.00 per share exercisable for a period of seven years from the date of issuance. We recorded an expense for the year ended December 31, 2009 of $26,850 for the value of these warrants using the Black-Scholes-Merton model

using assumptions stated above.

In August 2009 we issued warrants to purchase 1,480,000 shares of Series A Preferred Stock to an investor in connection with an investment made by this investor. The warrants were issued at an exercise price of $1.00 per share and were exercisable for a period of two years from the date of issuance. On December 31, 2009 and February 24, 2010, this investor exercised 1,000,000 and 480,000, respectively, of these warrants.

During the year ended December 31, 2010, we issued warrants to purchase 5,000,000 shares of Series B Preferred Stock to investors in connection with their investment in Series B Preferred Stock. The warrants were issued at an exercise price of $1.00 per share and were exercisable for a period of five years from the date of issuance.

On December 31, 2010, we issued warrants to purchase 50,000 shares of common stock to Navitas Capital, LLC in connection with their extension of a promissory note. See *Note 7 Promissory Note* for details. These warrants were issued at an exercise price of $0.20 per share and were exercisable for a period of five years from the date of issuance.

During March 2011, we issued warrants to purchase 91,290 shares of common stock to various affiliate parties in connection with their extension of promissory notes. See *Note 7 Promissory Notes* for details. These warrants were issued at an exercise price of $0.20 per share and were exercisable for a period of five years from the date of issuance.

On March 21, 2012, we issued warrants to purchase 95,000 shares of common stock to Navitas Capital LLC in connection with loaning an additional $30,000 and extension of their existing promissory note. See *Note 7 Promissory Notes* for details.

The warrants issued provide the holder with the right to purchase restricted shares of our stock for a period of five years. The restrictions lapse once we register the shares with the Securities and Exchange Commission. Thereafter, the shares may trade according to Rule 144 of the Securities Act.

13. Stock-Based Compensation.

Stock Incentive Plan

Weighted-average fair value calculations for options granted within the periods indicated below were made using the Black-Scholes-Merton option-pricing model with the following assumptions:

	For the three months ended		For the period from October 4, 2006 (inception date) through
Employee and Non-Employee Stock Options	**March 31, 2012**	**March 31, 2011**	**March 31, 2012**
Risk-free interest rate	1.04%	2.00%-2.21%	0.76%-3.47%
Expected volatility	119.43%	88.23%	88.23%-119.43%
Expected life (years)	5	5	4.14-10.00
Common stock weighted average fair value per share	$0.00	$0.10	$0.13
Dividend yield	— %	— %	—%

During 2009, we adopted the 2009 Equity Incentive Plan ("the 2009 Stock Plan"). The 2009 Stock Plan provides for the grant of the following awards: incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards and stock appreciation rights. A total of 4,000,000 shares were authorized under the 2009 Stock Plan. On June 22, 2010, the stockholders approved an increase of 2,000,000 shares authorized under the 2009 Stock Plan. The authorized shares under the 2009 Stock Plan is subject to automatic share increases beginning 2011 of a maximum of 1,000,000 shares per year (or 3% of the total number of shares outstanding), subject to approval by the Board of Directors. Stock options generally expire ten years from the date of grant and are exercisable at any time after the date of the grant, subject to vesting. Shares issued upon early exercise are subject to a right of repurchase, which lapses according to the vesting schedule of the original option. Exercise price may not be less than 100% of the fair value of shares on the date of grant. Stock options were issued with vesting terms of 1 or 4 years.

On the next page, the table summarizes stock option activity under the 2009 Stock Plan.

	Available For Grant	Shares Outstanding	Exercise Price per share	Remaining Contractual Term	Aggregate Intrinsic Value
Balance as of December 31, 2008 and 2007	—	—	—	—	—
Authorized	4,000,000				
Granted	(950,000)	950,000	$ 1.00		
Balance as of December 31, 2009	3,050,000	950,000	$ 1.00	9.75	$ 8,559,500
Authorized	2,000,000				
Granted	(4,256,213)	4,256,213	$ 0.44		
Balance as of December 31, 2010	793,787	5,206,213	$ 0.37	9.43	$ 26,707,959
Authorized	604,250				
Granted	—				
Balance as of December 31, 2011	1,398,037	5,206,213	$ 0.37	8.24	$ -
Authorized	604,250				
Granted	—				
Balance as of March 31, 2012	2,002,287	5,206,213	$ 0.37	7.99	$ -

The aggregate intrinsic value represents the total pretax intrinsic value, based on the excess of our closing OTC market stock price at March 31, 2012 of $0.0125 per share and December 31, 2011 of $0.0125 per share, over the option holders' strike price, which would have been received by the option holders had all option holders exercised their options as of the respective dates. The intrinsic value based on the excess of fair value of our stock, as determined by independent common stock valuation, over stock option strike price at March 31, 2012 and December 31, 2011 was zero. There was no stock compensation expense during the first quarter of 2012.

We incurred no non-cash stock based compensation expense during the three months ending March 31, 2012, since no options were granted to employees, directors or consultants. All stock option expenses when granted are classified as general and administrative expense.

Restricted Stock Awards

On December 1, 2008 and January 15, 2009, we issued to employees 1,050,000 shares of common stock at $0.0001 per share and to consultants 120,000 shares of common stock at $0.05 per share under restricted stock purchase agreements. These shares were issued as an incentive to retain key consultants, employees and officers and ratably vest over three years on a monthly basis. Restricted stock awards are valued using the fair market value of our common stock as of the date of grant. We recognize compensation expense on a straight-line basis over the requisite service period of the award. The remaining unvested shares are subject to repurchase and restrictions on sale, or transfer, up until the vesting date. Unvested shares are included in diluted net loss per share calculations.

The following table summarizes rights issued under the restricted stock awards:

	Number of Shares Outstanding	Weighted Average Grant Date Fair Value Per Share
Restricted shares subject to repurchase as of December 31, 2007	-	-
Shares issued	1,020,000	$0.0001
Restricted shares subject to repurchase as of December 31, 2008	1,020,000	$0.0001
Shares issued	150,000	$0.0500
Shares vested	(380,297)	($0.0055)
Shares repurchased	(23,333	($0.0001
Restricted shares subject to repurchase as of December 31, 2009	766,370	$0.0070
Shares vested	(381,041)	($0.0061)
Restricted shares subject to repurchase as of December 31, 2010	385,329	$0.0072
Shares vested	(385,329)	($0.0063)
Restricted shares subject to repurchase as of December 31, 2011	0	$0.0000
Restricted shares subject to repurchase as of March 31, 2012	0	$0.0000

14. Deficit Accumulated During the Development Stage (Quasi-reorganization October 31, 2006).

In recognition of the change in ownership of TMEX USA, and the restructuring of operations to pursue a new business plan, TMEX USA instituted a quasi-reorganization effective October 31, 2006. Accordingly, all assets, of which there were none, and accumulated deficit were retroactively restated to zero dollars as of October 31, 2006. As a result, we offset the negative accumulated deficit arising from TMEX USA's operations prior to exiting bankruptcy against the paid-in capital account. Certain acquired tax liabilities were stated at fair value with estimates for accrued interest and penalties. As a result of the quasi reorganization, the deficit accumulating during the development stage of Nevo Energy, Inc. (formerly named Solargen Energy, Inc.) contains only operating results from Nevo Energy, Inc. between October 4, 2006 and March 31, 2012. As a result of the TMEX USA quasi-reorganization, only results from Nevo Energy Inc. appear in inception to date calculations beginning October 4, 2006. "Inception" in titles refers to the beginning of Nevo Energy Inc. operations and not TMEX USA or Swiss Cellular Laboratories, Inc. operations prior to October 31, 2006. TMEX USA expenditures from December 2003 to October 31, 2006 were reclassified to additional paid-in capital.

15. Related Party Transactions.

McAfee Capital bills us for certain expense reimbursements, principally in connection with services provided by McAfee Capital paralegal and administrative personnel. For the three months ended March 31, 2012 and 2011 we paid or accrued McAfee Capital $1,188 and $23,956, respectively. For the period from October 4, 2006 (date of inception) through March 31, 2011, we paid or accrued McAfee Capital $375,968. Eric A. McAfee, an officer and member of our board of directors, owns 100% of McAfee Capital.

CM Consulting bills us for direct use of its charter airplane service. For the three months ended March 31, 2012 and 2011 we paid CM Consulting $0 and $0, respectively. For the period from October 4, 2006 (date of inception) through March 31, 2012, we paid CM Consulting $20,725. Eric A. McAfee, a member of our board of directors, owns 50% of CM Consulting.

We entered into an agreement with Eric A. McAfee, a member of our board of directors, pursuant to which we pay Mr. McAfee a monthly salary of $10,000 per month for services rendered to us as a Board member. Beginning April 2010, this monthly salary was reduced to $5,000 per month. For the three months ended March 31, 2012 and 2011 we paid or accrued to Mr. McAfee $15,000 and $15,000, respectively, pursuant to this agreement. For the period from October 4, 2006 (date of inception) through March 31, 2012, we paid or accrued to Mr. McAfee $ 355,000, pursuant to this agreement.

We are billed by Cagan McAfee Capital Partners for certain expense reimbursements, principally in connection with services provided by Eric A. McAfee and his administrative personnel. For the three months ended March 31, 2012 and 2011 we paid $ 0 and $ 0 to Cagan McAfee Capital Partners. For the period from October 4, 2006 (date of inception) through December 31, 2012, we paid Cagan McAfee Capital Partners $14,661. Eric A. McAfee and Laird Cagan, a significant shareholder, together own 100% of Cagan McAfee Capital Partners.

In July 2009, we entered into a lease agreement with AE Biofuels, Inc. for approximately 3,000 square feet of leased space. Eric McAfee is also a member of the Board of Directors and a significant shareholder of AE Biofuels, Inc. Michael Peterson, a member of our Board of Directors and Chief Executive Officer is also a member of the Board of Directors of AE Biofuels, Inc. For the three months ended March 31, 2012 and 2011 we paid or accrued rent of $20,806 and $20,806, respectively, under this agreement. For the period from October 4, 2006 (date of inception) through March 31, 2012, we paid or accrued rent of $228,862 under this agreement. See *Note 8 Operating Leases* and *Note 7 Promissory Notes*.

On December 31, 2010, Navitas Capital LLC loaned $65,000 to us with an annual interest rate charge of 10% and received warrants to purchase 50,000 shares of Solargen Energy Common Stock at a $ 0.20 per share strike price. The right to exercise the warrants lasts for five years. Adam McAfee, Nevo Energy's CFO, serves as a managing member and has a 4.6% ownership interest in Navitas Capital LLC. Michael Peterson, Nevo Energy's CEO, has a 4.6% passive investor ownership interest in Navitas Capital.

On April 21, 2012, Navitas Capital LLC amended the existing loan agreement by loaning an additional $30,000 against their existing 10% unsecured note. Navitas Capital LLC received amendment fees consisting of (i) $6,500 in extension fees added to the existing loan and (ii) 95,000 shares of Nevo Energy, Inc. common stock warrants exercisable over five years at a strike price of $0.01 per share. As of March 31, 2012, $110,279 remains outstanding on the Navitas Capital obligation.

All loans referenced in *Note 7 Promissory Notes* were made by related parties including McAfee Capital, Park Capital Management, Laird Cagan, Peterson Family Trust and John Pimentel.

16. Income Tax.

We file a consolidated federal income tax return and a state tax return in the state of California. Components of tax expense consist of the $800 per entity minimum California state tax fee and $250 Delaware minimum state tax fee plus any interest and penalties. No federal income tax was recorded for the years ended December 31, 2011, 2010, 2009, 2008 or 2007.

Income tax expense differs from the amounts computed by applying the statutory U.S. federal income tax rate (34%) to income before income taxes. We file a consolidated federal income tax return and a state tax return in the state of California. There is only one component of income tax expense, which consisted of the minimum $800 state tax fee for five entities. No federal income tax was recorded for the years ended December 31, 2011, 2010 or 2009.

Based on our evaluation of current and anticipated future taxable income, we believe it is more likely than not that insufficient taxable income will be generated to realize the net deferred tax assets, and accordingly, a full valuation allowance has been set against these net deferred tax assets.

We recognize the tax benefits from uncertain tax positions in our financial statements only if the position is more-likely-than-not of being sustained on audit, based on the technical merits of the position. Tax positions that meet the recognition threshold are reported at the largest amount that is more-likely-than-not to be realized. This determination requires a high degree of judgment and estimation. We periodically analyze and adjust amounts recorded for our uncertain tax positions, as events occur to warrant adjustment, such as when the statutory period for assessing tax on a given tax return or period expires or if tax authorities provide administrative guidance or a decision is rendered in the courts. We do not reasonably expect the total amount of uncertain tax positions to significantly increase or decrease within the next 12 months. As of March 31, 2012, our uncertain tax positions were not significant.

As of March 31, 2012, tax years from 2006 through present are subject to examination by federal and state taxing authorities. Penalties and interest for income taxes are recognized as a component of income tax expense.

17. Subsequent Events.

No significant subsequent events occurred after March 31, 2012 and prior to reporting 2012 first quarter results to OTC Markets.