

Kallo Inc.
Form 10-Q
November 22, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2017
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

Commission file number 000-53183

KALLO INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

225 Duncan Mills Road, Suite 504
Toronto, Ontario, Canada M3B 3H9
(Address of principal executive offices, including zip code.)

(416) 246-9997
(Registrant's telephone number, including area code)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (SS 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer

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Non-accelerated Filer Smaller Reporting Company
Emerging Growth Company
(Do not check if 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicated the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 9,907,548,954 as of November 21, 2017.

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KALLO INC.
SEPTEMBER 30, 2017

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

KALLO INC.

Consolidated Balance Sheets

(Amounts expressed in US dollars)

(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Prepaid expenses	\$35,748	\$57,011
Total Current Assets	35,748	57,011
TOTAL ASSETS	\$35,748	\$57,011
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Bank overdraft	\$-	\$211
Accounts payable and accrued liabilities	3,280,234	2,731,879
Derivative liabilities	25,087	270,581
Convertible promissory notes, net of discount of \$Nil and \$8,872 respectively	19,723	324,586
Convertible loans payable – third parties	217,458	191,510
Short term loans payable	17,918	16,215
Convertible loans payable – related parties	730,182	615,163
Liability for issuable shares	156,435	-
Deferred lease inducement	-	1,260
Total Current Liabilities	4,447,037	4,151,405
TOTAL LIABILITIES	4,447,037	4,151,405
Commitments and Contingencies		
Stockholders' Deficiency		
Preferred stock, \$0.00001 par value, 100,000,000 shares authorized, 95,000,000 Series A preferred shares issued and outstanding	950	950
Common stock, \$0.00001 par value, 15,000,000,000 shares authorized, 9,907,548,954 and 8,098,742,772 shares issued and outstanding, respectively.	99,076	80,988
Additional paid-in capital	40,323,664	30,965,822
Assignment of liabilities	(3,694,831)	-
Accumulated deficit	(41,140,148)	(35,142,154)
Total Stockholders' Deficiency	(4,411,289)	(4,094,394)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$35,748	\$57,011

See accompanying notes to the unaudited consolidated financial statements

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KALLO INC.

Consolidated Statements of Operations

(Amounts expressed in US dollars)

(Unaudited)

	Three Months Ended September 30,		Nine months Ended September 30,	
	2017	2016	2017	2016
Operating Expenses				
General and administration	\$195,576	\$426,880	\$5,845,655	\$2,109,138
Selling and marketing	1,384	456	4,324	25,080
Impairment of assets	-	-	-	104,018
Depreciation	-	-	-	31,533
Operating loss	(196,960)	(427,336)	(5,849,979)	(2,269,769)
Interest and financing costs	(28,817)	(64,501)	(140,833)	(258,720)
Change in fair value on derivative liabilities	-	57,778	(3,012)	(87,684)
Gain on extinguishment of derivative liability	-	-	227,196	-
Foreign exchange (loss) gain	(112,408)	39,663	(231,366)	(38,485)
Net Loss	\$(338,185)	\$(394,396)	\$(5,997,994)	\$(2,654,658)
Basic and diluted net loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
Weighted average shares used in calculating Basic and diluted net loss per share	9,907,440,258	8,098,742,772	9,287,116,297	7,366,923,856

See accompanying notes to the unaudited consolidated financial statements

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KALLO INC.

Consolidated Statements of Cash Flows

(Amounts expressed in US dollars)

(Unaudited)

	Nine months Ended September 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	\$(5,997,994)	\$(2,654,658)
Adjustment to reconcile net loss to cash used in operating activities:		
Depreciation	-	31,533
Stock based compensation	5,336,374	448,500
Change in fair value on derivative liabilities	3,012	87,684