

Kallo Inc.  
Form 10-Q  
November 16, 2015  
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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, 2015  
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)

675 Cochrane Drive,  
West Tower, Suite 630  
Markham, Ontario  
Canada L3R 0B8  
(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large Accelerated Filer   Accelerated Filer  
Non-accelerated Filer   Smaller Reporting 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: 1,867,189,553 as of November 13, 2015.

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KALLO INC.  
SEPTEMBER 30, 2015

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## KALLO INC.

## Consolidated Balance Sheets

(Amounts expressed in US dollars)

(Unaudited)

|  | September<br>30,<br>2015 | December<br>31,<br>2014 |
|--|--------------------------|-------------------------|
| <b>ASSETS</b>  |                          |                         |
| Current Assets:  |                          |                         |
| Cash   | \$27,874                 | \$250,339               |
| Other receivables  | -                        | 11,531                  |
| Deferred project costs   | -                        | 24,990                  |
| Prepaid expenses   | 96,988                   | 122,022                 |
| Total Current Assets   | 124,862                  | 408,882                 |
| Deposit – long term  | 42,785                   | 49,220                  |
| Equipment, net   | 531,666                  | 98,241                  |
| <b>TOTAL ASSETS</b>  | <b>\$699,313</b>         | <b>\$556,343</b>        |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>  |                          |                         |
| Current Liabilities:   |                          |                         |
| Accounts payable and accrued liabilities (including \$3,333 due to a director)   | \$808,918                | \$924,494               |
| Loans payable  | -                        | 56,112                  |
| Derivative liabilities   | 457,931                  | 336,390                 |
| Convertible promissory notes, net of discount of \$59,915 and \$248,825 respectively   | 296,535                  | 16,175                  |
| Short term loans payable   | 35,937                   | 38,555                  |
| Deferred lease inducement  | 19,634                   | 35,181                  |
| Deferred revenue   | -                        | 24,990                  |
| Total Current Liabilities  | 1,618,955                | 1,431,897               |
| Convertible promissory notes, net of discount of \$73,832 and \$Nil respectively   | 24,551                   | -                       |
| <b>TOTAL LIABILITIES</b>   | <b>1,643,506</b>         | <b>1,431,897</b>        |
| <b>Commitments and Contingencies</b>   |                          |                         |
| <b>Stockholders' Deficiency</b>  |                          |                         |
| Preferred stock, \$0.00001 par value, 100,000,000 shares authorized, 95,000,000 (December 31, 2014 – 95,000,000) Series A preferred shares issued and outstanding              | 950                      | 950                     |
| Common stock, \$0.00001 par value, 5,000,000,000 (December 31, 2014 – 500,000,000) shares authorized, 746,999,272 and 382,156,160 shares issued and outstanding, respectively. | 7,471                    | 3,822                   |
| Additional paid-in capital   | 29,671,420               | 22,297,758              |
| Accumulated deficit  | (30,624,034)             | (23,178,084)            |

|   |           |   |           |   |
|---|-----------|---|-----------|---|
| Total Stockholders' Deficiency  | (944,193  | ) | (875,554  | ) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY                            | \$699,313 |   | \$556,343 |   |
| 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<br>September 30, |              | Nine Months Ended<br>September 30, |                |
|---|-------------------------------------|--------------|------------------------------------|----------------|
|   | 2015                                | 2014         | 2015                               | 2014           |
| Expenses  |                                     |              |                                    |                |
| General and administration  | \$ 843,232                          | \$ 567,903   | \$ 6,388,992                       | \$ 1,473,060   |
| Selling and marketing   | 71,224                              | 22,497       | 194,773                            | 164,932        |
| Foreign exchange loss (gain)  | (1,457 )                            | (27,355 )    | (18,547 )                          | (34,466 )      |
| Depreciation  | 15,496                              | 11,374       | 35,850                             | 34,121         |
| Interest and financing costs  | 394,387                             | 5,953        | 816,330                            | 16,468         |
| Change in fair value on derivative liabilities                                      | (26,625 )                           | -            | (54,792 )                          | -              |
| Loss on extinguishment of short term loan payable<br>and accounts payable           | -                                   | -            | 83,344                             | 3,424          |
|   | 1,296,257                           | 580,372      | 7,445,950                          | 1,657,539      |
| Net Loss  | \$(1,296,257 )                      | \$(580,372 ) | \$(7,445,950 )                     | \$(1,657,539 ) |
| Basic and diluted net loss per share  | \$(0.00 )                           | \$(0.00 )    | \$(0.02 )                          | \$(0.00 )      |
| Weighted average shares used in calculating<br>Basic and diluted net loss per share | 607,936,690                         | 351,447,489  | 473,124,235                        | 341,569,991    |