

Kallo Inc.
Form 424B3
November 05, 2013

Pursuant to Rule 424(b)(3)
SEC File No. 333-184572

Prospectus

KALLO INC.
Shares of Common Stock
50,000,000 Shares of Common Stock

This prospectus relates to the resale of up to 50,000,000 shares of the common stock, par value \$0.00001 per share, of KALLO INC., a Nevada corporation (the “Common Stock”), by Kodiak Capital Group, LLC, a Delaware limited liability company (“Kodiak”) pursuant to which we have the right to “put” to Kodiak (the “Put Right”) up to \$2 million in shares of our common stock (the “Investment Agreement” or “Equity Line of Credit”).

We will not receive any proceeds from the sale of the Common Stock by Kodiak, however, we will receive proceeds from the sale of securities pursuant to our exercise of the Put Right. We will bear all costs associated with this registration.

Kodiak is an “underwriter” within the meaning of the Securities Act of 1933, as amended (the “Securities Act”) in connection with the resale of our common stock under the Equity Line of Credit. Kodiak will pay us 80% of the lowest closing “best bid” price (the highest posted bid price) of the common stock during the five consecutive trading days immediately following the date of our notice to Kodiak of our election to put shares pursuant to the Investment Agreement.

Our common stock is quoted on the Over-the-Counter Bulletin Board (“OTCBB”) under the symbol “KALO”. The last reported sale price of our common stock on the OTCBB on August 29, 2013 was approximately \$0.02 per share.

It is not possible to determine the price to the public in any sale of the shares of Common Stock by Kodiak and Kodiak reserves the right to accept or reject, in whole or in part, any proposed purchase of shares. Accordingly, Kodiak will determine the public offering price, the amount of any applicable underwriting discounts and commissions and the net proceeds at the time of any sale.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE RISK FACTORS IN THIS PROSPECTUS BEGINNING ON PAGE 10 FOR A DISCUSSION OF INFORMATION THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN OUR SECURITIES.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Table of Contents

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information from that contained in this prospectus. Kodiak are offering to sell and seeking offers to buy shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy the securities in any circumstances under which the offer or solicitation is unlawful. Neither the delivery of this prospectus nor any distribution of securities in accordance with this prospectus shall, under any circumstances, imply that there has been no change in our affairs since the date of this prospectus.

We will receive no proceeds from the sale of the shares of common stock sold by Kodiak. However, we will receive proceeds from the sale of securities pursuant to our exercise of the Put Right.

The date of this prospectus is October 9, 2013.

Table of Contents

TABLE OF CONTENTS

	Page No.
<u>About this Offering</u>	4
<u>Risk Factors</u>	9
<u>Use of Proceeds</u>	14
<u>Selling Securityholders</u>	14
<u>Plan of Distribution</u>	14
<u>Market for our Common Stock</u>	16
<u>Management's Discussion and Analysis of Financial Condition or Plan of Operation</u>	18
<u>Business</u>	31
<u>Management</u>	35
<u>Executive Compensation</u>	39
<u>Principal Stockholders</u>	41
<u>Description of Securities</u>	42
<u>Certain Transactions</u>	44
<u>Litigation</u>	45
<u>Experts</u>	45
<u>Legal</u>	46
<u>Financial Statements</u>	46

Table of Contents

ABOUT THIS OFFERING

This prospectus relates to the resale of up to 50,000,000 shares of common stock issuable to Kodiak Capital Group, LLC in 2012 for investment banking services pursuant to an Investment Agreement with us dated September 26th, 2012 (the “Investment Agreement” or “Equity Line of Credit”).

Pursuant to the Investment Agreement, we have the right to “put” to Kodiak (the “Put Right”) up to \$2 million in shares of our common stock (i.e., we can compel Kodiak to purchase our common stock at a pre-determined formula). Accordingly, this prospectus relates, in part, to the resale of up to 50,000,000 shares of our common stock by Kodiak.

For the purpose of determining the number of shares of common stock to be offered by this prospectus, we have assumed that we will issue not more than 50,000,000 shares pursuant to the exercise of the Put Right, although the number of shares that we will actually issue pursuant to the Put Right may be more or less than 50,000,000, depending on the trading price of our common stock. We currently do not intend to exercise the put right in a manner which would result in our issuance of more than 50,000,000 shares, but if we were to exercise the Put Right in that manner, we would be required to file a subsequent registration statement with the Securities and Exchange Commission (“SEC”) and that registration statement would have to be declared effective prior to the issuance of any additional shares.

The Investment Agreement provides, in part, that following notice to Kodiak, we may put to Kodiak up to \$2,000,000 in shares of our common stock for a purchase price equal to 80% of the Volume Weighted Average Price which is defined as the lowest closing “best bid” price (the highest posted bid price) of the common stock during the five consecutive trading days immediately following the date of our notice to Kodiak of our election to put shares pursuant to the Investment Agreement. Kodiak has indicated that it will resell those shares in the open market, resell our shares to other investors through negotiated transactions, or hold our shares in its portfolio. This prospectus covers, in part, the resale of our stock by Kodiak either in the open market or to other investors through negotiated transactions. Kodiak’s obligations under the Investment Agreement are not transferrable and this registration statement does not cover sales of our common stock by transferees of Kodiak.

All equity offerings are dilutive except that in this case Kallo controls the dilution. Kodiak Capital cannot own more than 4.9%, of the total outstanding shares. The increase in the number of shares for sale in connection with the equity line of credit will likely decrease the prevailing market price per share and also result in a reduction in the ownership percentage of our company for present shareholders. There are no limits on our ability to make draws under this agreement, except for the limitation on Kodiak not owning more than 4.9% and that the line of credit expires after six months or after \$2,000,000 has been drawn.

Kodiak will only purchase shares when we meet the following conditions:

- a registration statement has been declared effective and remains effective for the resale of the common stock subject to the Equity Line of Credit;
- our common stock has not been suspended from trading for a period of five consecutive trading days and we have not been notified of any pending or threatened proceeding or other action to delist or suspend our common stock;

Table of Contents

- we have complied with our obligations under the Investment Agreement and the attendant Registration Rights Agreement;
- no injunction has been issued and remains in force, and no action has been commenced by a governmental authority which has not been stayed or abandoned, prohibiting the purchase or the issuance of our common stock; and we have not filed a petition in bankruptcy, either voluntarily or involuntarily, and there shall not have been commenced any proceedings under any bankruptcy or insolvency laws.

The Investment Agreement will terminate when any of the following events occur:

- Kodiak has purchased an aggregate of \$2,000,000 of our common stock or six (6) months after the effective date;
- we file or otherwise enter an order for relief in bankruptcy; or
- our common stock ceases to be registered under the Securities Exchange Act of 1934 (the "Exchange Act").

As we draw down on the Equity Line of Credit, shares of our common stock will be sold into the market by Kodiak. The sale of these additional shares could cause our stock price to decline. In turn, if the stock price declines and we issue more puts, more shares will come into the market, which could cause a further drop in the stock price. You should be aware that there is an inverse relationship between the market price of our common stock and the number of shares to be issued under the Equity Line of Credit. If our stock price declines, we will be required to issue a greater number of shares under the Equity Line of Credit. We have no obligation to utilize the full amount available under the Equity Line of Credit.

Fees Paid to Kodiak Capital, LLC

There are no fees payable to Kodiak Capital Group, LLC in this transaction other than the commitment shares of 2,000,000 common shares issued and held in trust to mitigate any risk in the event of non-performance of Kodiak Capital Group. This was an oral understanding we have with Kodiak Capital Group, LLC and has not been produced in writing.

By the terms of the agreement, we agreed to issue to Kodiak Capital Group, LLC 2,000,000 shares of newly issued restricted Stock upon the execution of this term sheet. All shares were to be held in trust, but were due and deliverable to Kodiak Capital Group, LLC upon either of the following conditions:

- Company fails to exercise a Put Notice within 30 business days of Effective Date.
- Company fails to have a registration statement of the Stock declared effective by the SEC by May 1, 2013.
- Kodiak Capital, LLC purchases all, or a portion of, the Facility Amount exercised by the Company.

We failed to have this registration statement declared effective by May 1, 2013, and accordingly 2,000,000 shares held in trust were due and payable to Kodiak Capital Group, LLC and we delivered the same to Kodiak Capital Group, LLC.

Table of Contents

	The Offering
Shares of common stock offered by Kodiak:	Up to 50,000,000 shares of common stock, which would represent approximately 14.65% of our outstanding common stock.
Common stock to be outstanding after the offering:	Up to 341,345,536 shares of common stock.
Use of proceeds:	We will not receive any proceeds from the sale of the shares by Kodiak. However, we will receive proceeds from the Equity Line of Credit. See "Use of Proceeds".
Risk factors:	You should carefully read and consider the information set forth under the caption "Risk Factors" beginning on page 10 and all other information set forth in this prospectus before investing in our common stock.
OTC Bulletin Board Symbol:	KALO

Negative Impact and Limits on Equity Line of Credit

The resale of shares of Kodiak will have a dilutive effect upon existing shareholders and cause the control of the Company to change as a result of the number of shares being issued. Further, by causing up to 50,000,000 shares of common stock to be ingested into the current market, there could be increased difficulty in liquidating existing ownership positions in our shares of common stock. If Kodiak does not purchase any shares put to it, we will not receive any funds from this offering. Kodiak Capital Group must purchase all of the shares of common stock we put to it, provided, Kodiak Capital Group does not own more than 4.9% of our total outstanding shares of common stock. Further, we will not be entitled to deliver a put notice to Kodiak and Kodiak will not be obligated to purchase any shares unless the following conditions are satisfied:

- (I) this registration statement shall have been declared effective and shall remain effective and available for the resale of all the 50,000,000 shares of common stock at all times until the Closing with respect to a put by us;
- (II) at all times during the period beginning on the related put notice date and ending on and including the related closing date, the common stock shall be traded on the Over-the-Counter Bulletin Board and shall not have been suspended from trading thereon for a period of two (2) consecutive trading days;
- (III) Kodiak shall not have been notified of any pending or threatened proceeding or other action to suspend the trading of the common stock;
- (IV) We have complied with our obligations and is otherwise not in breach of or in default under the Investment Agreement, the Registration Rights Agreement or any other agreement executed in connection herewith which has not been cured prior to delivery of the first put notice;

(V) no injunction shall have been issued and remain in force, or action commenced by a governmental authority which has not been stayed or abandoned, prohibiting the purchase or the issuance of the common stock to Kodiak; and,

-6-

Table of Contents

(VI) the issuance of the shares of common stock to Kodiak will not violate any shareholder approval requirements of the Over-the-Counter Bulletin Board.

If any of the events described in clauses (I) through (VI) above occurs, then Kodiak will have no obligation to purchase the number of shares put to it.

Analysis of Number of Shares Issuable Under the Equity Line of Credit Agreement
Based on Stock Price Variance

52 week average price \$0.11 (19 Dec 2011-18 Dec 2012)

Projection: Share price change v/s capital drawn from equity line of credit

Stock price drop	Share Price	Discounted Price to Kodiak	Shares Required	Capital drawn from equity line of credit
-25%	0.083	0.066	30,303,030	\$2,000,000.00
-50%	0.055	0.044	45,454,545	\$2,000,000.00
-75%	0.028	0.022	50,000,000	\$1,100,000.00

Currently, the market price for our shares of common stock is \$0.018 per share. Based on that price, we could put all 50,000,000 shares of common stock to Kodiak Capital Group and we could receive \$0.014 per share or a total of \$720,000.00. In order to receive the entire \$2,000,000 based upon current prices we would have to register and additional 78,888,888 shares of common stock.

Past Transactions With Kodiak Capital Group

We have not done any transactions with Kodiak Capital Group or its affiliates. In May 2010 we had entered into a similar agreement with Kodiak Capital Group, which was cancelled and withdrawn by us in April 2011, and no transaction took place to cause any impact on the market price of our stock.

Capital Requirements

Analysis of our business acquisition and operations cost indicate a reasonable requirement of USD \$2,000,000 or less. Based on market response to our products, services, and technologies, it is management's opinion that we will not require additional funding. Management discussed and decided on the 6 month termination provision, anticipating that the Company would draw the \$2,000,000 line of credit in installments within 5 months. This is based upon our belief and the representations made to us by Kodiak that it would be continuously reselling our shares into the market, thereby consistently remaining below the 4.9% ownership limitation. If Kodiak is unable to resell the shares it acquires from us into the market place, the belief that we could draw the \$2,000,000 in installments is flawed and accordingly we will be not able to draw upon the \$2,000,000 within six months.

Our business

KALLO INC. was incorporated in the state of Nevada on December 12, 2006 to engage in the business of selling printing equipment, media, display stands and consumables such as inks (dye, uv, solvent) ink cartridges. We subsequently changed our name to Diamond Technologies Inc. and then to our current name of Kallo Inc.

Table of Contents

On December 11, 2009, an agreement was entered into by the Company to acquire 100% of the issued and outstanding shares of Rophe Medical Technologies Inc. (“Rophe”) for cash consideration of \$1,200,000 and 3,000,000 of the Company’s common shares valued at \$0.122 per share for total purchase price of \$1,565,000 (the “Rophe Acquisition”). The \$1,200,000 was initially payable as follows: \$50,000 within 30 days of the date of the agreement; \$200,000 on March 31, 2010; \$250,000 on April 30, 2010; \$233,333 on launch of Project 1; \$233,333 on launch of Project 2; and, \$233,334 on launch of Project 3. This transaction was closed on December 31, 2009.

Subsequently, the Rophe Acquisition payment terms were amended and 3,000,000 additional shares of restricted common stock were issued in 2009 as payment for \$400,000 with the remaining cash consideration as follows: \$35,000 by March 5, 2010, \$65,000 by March 31, 2010, \$233,333 on launch of Project 1; \$233,333 on launch of Project 2; and, \$233,334 on launch of Project 3. As at December 31, 2011, there is a payable in the amount of \$56,502. The 3,000,000 shares were considered issued as at the closing date of the acquisition and the total of 6,000,000 shares issued for the Rophe acquisition are restricted.

The total recorded acquisition price of \$865,000 was allocated to the copyrights obtained in the acquisition as they were the only significant assets of Rophe, which did not have any operations. The Company has not recorded the remaining contingent payment of \$700,000 due to the uncertainty of the launch of Projects 1, 2 and 3.

On or about December 11, 2009, we changed our business focus from selling printing equipment to manufacturing and developing software designed to taking medical information from many sources and depositing it into a single source as an electronic medical record for each patient.

Our administrative office is located at 15 Allstate Parkway, Suite 600, Ontario, Canada L3R 5B6, our telephone number is (416) 246-9997. Our registered agent for service of process is the Corporation Trust Company of Nevada, located at 6100 Neil Road, Suite 500, Reno, Nevada 89511. Our fiscal year end is December 31st.

Selected financial data

The following financial information summarizes the more complete historical financial information at the end of this prospectus.

	As of June 30, 2013 (Unaudited)	As of December 31, 2012 (Audited)	As of December 31, 2011 (Audited)
Balance Sheet			
Total Assets	\$ 1,222,119	\$ 1,480,999	\$ 1,163,270
Total Liabilities	\$ 1,516,031	\$ 1,557,154	\$ 2,056,815
Stockholders’ Deficit	\$ (293,912)	\$ (76,155)	\$ (893,545)
	For the Six Months Ended June 30, 2013 (Unaudited)	For the Year Ended December 31, 2012 (Audited)	For the Year Ended December 31, 2011 (Audited)
Income Statement			
Revenue	\$ 0	\$ 0	\$ 0
Total Expenses	\$ 1,027,757	\$ 7,003,791	\$ 5,337,700
Net Loss	\$ (1,027,757)	\$ (7,003,791)	\$ (5,337,700)

Table of Contents

RISK FACTORS

Please consider the following risk factors before deciding to invest in our common stock.

Risks associated with Kallo Inc.:

1. Our auditors have included a going concern emphasis of matter paragraph, which indicates that the consolidated financial statements were prepared under the assumption that the Company will continue as a going concern.

Our auditors have included a going concern emphasis of matter paragraph. This means that the amounts of assets and liabilities in the consolidated financial statements do not purport to represent realizable or settlement values.

2. Because we have changed business, we lack an operating history and have losses which we expect to continue into the future. There is no assurance our operations will result in profitable revenues. If we cannot generate sufficient revenues to operate profitably, we may suspend or cease operations.

We were incorporated on December 12, 2006 and we have not generated revenues during the past three years. We have no operating history upon which an evaluation of our future success or failure can be made. Our net loss since inception is \$17,365,763. Our ability to achieve and maintain profitability and positive cash flow is dependent upon

- * our ability to manufacture our products
- * our ability to attract customers who will buy products
- * our ability to generate revenues

Based upon current plans, we expect to incur operating losses in future periods because we will be incurring expenses and not generating revenues. We cannot guarantee that we will be successful in generating revenues in the future. Failure to generate revenues will cause us to go out of business.

3. We have only one customer and we cannot guarantee we will ever have a solid customer base. Even if we obtain clients or customers, there is no assurance that we will make a profit.

We have only one customer. While we have identified other customers, there is no assurance we will engage in business with any of them. Even if we obtain additional orders for our products or clients there is no guarantee that we will ever generate revenues or a profit if we are unable to attract additional customers and sell them our products, we will have to suspend or cease operations.

4. We need additional capital in order to stay in business for one year. If we can't raise it, we could go out of business.

We have exhausted our capital and need additional funds to continue our operations. If we can't raise it through this offering, we may have to cease operations. Analysis of our business acquisition and operations cost indicate a reasonable requirement of USD \$500,000 or less. The equity line of credit for \$2,000,000 would satisfy the need for capital established by the business analysis in our management's opinion. We believe we could maintain our current operations upon receipt of \$500,000.

Table of Contents

We do not need to raise US\$2,000,000 in the six month window as we believe we could maintain our current operations upon receipt of \$500,000. If we cannot raise a minimum draw of US\$500,000 within the 6 month window, there is a risk that we could run out of funds to continue our operations. We will also negotiate with Kodiak for an extension of the funding window period.

5. Because we are small and do not have much capital, we must limit marketing our services to potential customers and suppliers. As a result, we may not be able to attract enough customers to operate profitably. If we do not make a profit, we may have to suspend or cease operations.

Because we are small and do not have much capital, we must limit marketing our website to potential customers and suppliers. Because we will be limiting our marketing activities, we may not be able to attract enough customers to buy or suppliers to sell products to operate profitably. If we cannot operate profitably, we may have to suspend or cease operations.

6. Because most of our assets and our officers and directors are located outside the United States of America, it may be difficult for an investor to enforce within the United States any judgments obtained against us or any of our officers and directors.

Our assets are located outside of the United States and most of our officers' and directors' assets are located outside the United States. As a result, it may be difficult for you to effect service of process or enforce within the United States, any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, it is unlikely that the courts of Canada and other jurisdictions would recognize or enforce judgments of United States courts obtained against us or our officers and directors predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or be competent to hear original actions brought in Canada or other jurisdictions against us or our officers and directors predicated upon the securities laws of the United States or any state thereof.

7. We operate in a highly competitive industry and we cannot guarantee you that we will ever achieve any level of success in competing for clients.

The computer industry is very competitive. We are at a competitive disadvantage in attracting clients due to our relatively small size. Most of our competitors are larger and more diversified than we are and have greater financial resources. We cannot predict the degree of success, if any, with which we will meet competition in the future.

Risks associated with this offering:

8. We are registering an aggregate of 50,000,000 shares of common stock, which are to be issued under the Equity Line of Credit. The sale of such shares could depress the market price of our common stock.

We are registering an aggregate of 50,000,000 shares of common stock which will be issued pursuant to the Equity Line of Credit. The sale of these shares into the public market could depress the market price of our common stock. As of January 31, 2013, there were 291,345,536 shares of our common stock issued and outstanding.

Table of Contents

9. Existing stockholders could experience substantial dilution upon the issuance of common stock pursuant to the Equity Line of Credit.

This registration contemplates our issuance of up to 50,000,000 shares of our common stock to Kodiak, subject to certain restrictions and obligations. If the terms and conditions of the Equity Line of Credit are satisfied, and we choose to exercise our Put Rights to sell 50,000,000 shares of our common stock to Kodiak, our existing stockholders' ownership will be diluted by such sales. Consequently, the value of your investment may decrease. Our Equity Line of Credit with Kodiak contemplates the potential future issuance and sale of up to \$2,000,000 of our common stock to Kodiak subject to certain restrictions and obligations.

10. Kodiak will pay less than the then-prevailing market price for our common stock.

The common stock to be issued to Kodiak pursuant to the Investment Agreement will be purchased at a twenty percent (20%) discount to the lowest closing "best bid" price (the highest posted bid price) of the common stock during the five consecutive trading days immediately following the date of our notice to Kodiak of our election to put shares pursuant to the Investment Agreement. Kodiak has a financial incentive to sell our common stock immediately upon receiving the shares to realize the profit equal to the difference between the discounted price and the market price. If Kodiak sells the shares, the price of our common stock could decrease. If our stock price decreases, Kodiak may have a further incentive to sell the shares of our common stock that it holds. These sales may have a further impact on our stock price.

11. There may not be sufficient trading volume in our common stock to permit us to put shares to Kodiak.

In order to put the shares to Kodiak, there has to be sufficient trading volume to allow Kodiak to resell the shares put to it into the open market. Insufficient trading volume will prevent Kodiak from selling its shares into the market and prevent us from putting more shares to Kodiak since it is a condition to our contract with Kodiak that Kodiak can never own more than 4.99% of our total outstanding shares of common stock at any one time. If we cannot "put" shares to Kodiak, we cannot receive payment therefore.

12. Our common stock is thinly traded, so you may be unable to sell at or near ask prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares.

Our common stock has historically been sporadically or "thinly-traded" on the OTC Bulletin Board, meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or nonexistent. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable.

As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a mature issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. It is possible that a broader or more active public trading market for our common stock will not develop or be sustained, or that current trading levels will continue.

Table of Contents

13. The limited public trading market may cause volatility in our stock price.

The quotation of our common stock on the OTCBB does not assure that a meaningful, consistent and liquid trading market currently exists, and in recent years such market has experienced extreme price and volume fluctuations that have particularly affected the market prices of many smaller companies like us. Our common stock is thus subject to this volatility. Sales of substantial amounts of our common stock, or the perception that such sales might occur, could adversely affect prevailing market prices of our common stock.

14. The application of the “penny stock” rules could adversely affect the market price of our common shares and increase your transaction costs to sell those shares.

The SEC has adopted rule 3a51-1 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, Rule 15g-9 requires:

- that a broker or dealer approve a person’s account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

15. Rule 144 Related Risk.

The SEC adopted amendments to Rule 144, which became effective on February 15, 2008 that apply to securities acquired both before and after that date. Under these amendments, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding a sale, (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale and (iii) if the sale occurs prior to satisfaction of a one-year holding period, we provide current information at the time of sale.

Table of Contents

Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or at any time during the three months preceding a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the total number of securities of the same class then outstanding; or
- the average weekly trading volume of such securities during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least three months before the sale. Such sales by affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

16. Restrictions on the reliance of Rule 144 by Shell Companies or former Shell Companies.

Historically, the SEC staff has taken the position that Rule 144 is not available for the resale of securities initially issued by companies that are, or previously were, blank check companies, like us. The SEC has codified and expanded this position in the amendments discussed above by prohibiting the use of Rule 144 for resale of securities issued by any shell companies (other than business combination related shell companies) or any issuer that has been at any time previously a shell company. The SEC has provided an important exception to this prohibition, however, if the following conditions are met:

- The issuer of the securities that was formerly a shell company has ceased to be a shell company;
- The issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- The issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Current Reports on Form 8-K; and
- At least one year has elapsed from the time that the issuer filed current comprehensive disclosure with the SEC reflecting its status as an entity that is not a shell company.

As a result, it is likely that pursuant to Rule 144, stockholders who receive our restricted securities in a business combination will not be able to sell our shares without registration until one year after we have completed our initial business combination. We are not a “shell company” and have not been so for a period in excess of twelve (12) months.

Forward-Looking Statements

Statements in this prospectus may be “forward-looking statements.” Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this prospectus, including the risks described under “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus and in other documents

Table of Contents

which we file with the Securities and Exchange Commission. In addition, such statements could be affected by risks and uncertainties related to our ability to raise any financing which we may require for our operations, competition, government regulations and requirements, pricing and development difficulties, our ability to make acquisitions and successfully integrate those acquisitions with our business, as well as general industry and market conditions and growth rates, and general economic conditions. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this prospectus.

USE OF PROCEEDS

We will not receive any proceeds from the sale of common stock offered by Kodiak. However, we will receive proceeds from the sale of our common stock to Kodiak pursuant to the Investment Agreement. The proceeds from our exercise of the Put Right pursuant to the Investment Agreement will be used for working capital.

SELLING SECURITYHOLDER

The following table details the name of each selling stockholder, the number of shares owned by Kodiak Capital Group LLC, (“Kodiak”) the sole selling stockholder, and the number of shares that may be offered by Kodiak Capital Group LLC is not a broker-dealer. Kodiak is deemed an underwriter and therefore this offering is also considered an indirect primary offering. Kodiak may sell up to 50,000,000 shares, which are issuable upon the exercise of our put right with Kodiak. Kodiak will not assign its obligations under the equity line of credit.

Name	Total number of shares owned prior to offering	Percentage of shares owned prior to offering	Number of shares being offered	Percentage of shares owned after the offering assuming all of the shares are sold in the offering
Kodiak Capital Group LLC (1)	0	0%	50,000,000	14.65%

(1) Pursuant to put right set forth in Investment Agreement. Ryan Hudson exercises dispositive and voting control for Kodiak Capital Group, LLC.

PLAN OF DISTRIBUTION

This prospectus includes 50,000,000 shares of common stock offered by Kodiak.

Kodiak and any of its pledgees, assignees and successors-in-interest may, from time to time, sell any or all of its shares of common stock on the OTC Bulletin Board or any other stock exchange, market or trading facility on which our shares are traded or in private transactions. These sales may be at fixed or negotiated prices. Kodiak may use any one or more of the following methods when selling shares:

Table of Contents

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with Kodiak to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

Kodiak or its pledgees, donees, transferees or other successors in interest, may also sell the shares directly to market makers acting as principals and/or broker-dealers acting as agents for themselves or their customers. Such broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling stockholder and/or the purchasers of shares for whom such broker-dealers may act as agents or to whom they sell as principal or both, which compensation as to a particular broker-dealer might be in excess of customary commissions. Market makers and block purchasers purchasing the shares will do so for their own account and at their own risk. It is possible that Kodiak will attempt to sell shares of common stock in block transactions to market makers or other purchasers at a price per share which may be below the then market price. Kodiak cannot assure that all or any of the shares offered in this prospectus will be issued to, or sold by, Kodiak. Kodiak and any brokers, dealers or agents, upon effecting the sale of any of the shares offered in this prospectus, will be deemed to be “underwriters” as that term is defined under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the rules and regulations under such acts. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act.

Kodiak Capital Group LLC is not permitted to assign its obligations under the equity line.

We are paying all fees and expenses incident to the registration of the shares, including fees and disbursements of counsel to Kodiak, but excluding brokerage commissions or underwriter discounts. Kodiak, alternatively, may sell all or any part of the shares offered in this prospectus through an underwriter. Kodiak has not entered into any agreement with a prospective underwriter; however, there is no assurance that any such agreement will not be entered into.

Kodiak may pledge its shares to its brokers under the margin provisions of customer agreements. If Kodiak defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares. Kodiak and any other persons participating in the sale or distribution of the shares will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations under such act, including, without limitation, Regulation M. These provisions may restrict certain activities of, and limit the timing of purchases and sales of any of the shares by, Kodiak or any other such person. In the event that Kodiak is deemed affiliated with purchasers or distribution participants within the meaning of Regulation M, then Kodiak will not be permitted to engage in short sales of common stock. Furthermore,

Table of Contents

under Regulation M, persons engaged in a distribution of securities are prohibited from simultaneously engaging in market making and certain other activities with respect to such securities for a specified period of time prior to the commencement of such distributions, subject to specified exceptions or exemptions. In regards to short sells, Kodiak is contractually restricted from engaging in short sells. All of these limitations may affect the marketability of the shares.

We have agreed to indemnify certain of Kodiak, or their transferees or assignees, against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the selling stockholder or their respective pledgees, donees, transferees or other successors in interest, may be required to make in respect of such liabilities. If the selling stockholder notifies us that it has a material arrangement with a broker-dealer for the resale of the common stock, then we would be required to amend the registration statement of which this prospectus is a part, and file a prospectus supplement to describe the agreements between the selling stockholder and the broker-dealer.

We agreed to use our best reasonable efforts to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by Kodiak without registration and without regard to any volume limitations by reason of Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. Since Kodiak is deemed an underwriter, Rule 144 of the Securities Act of 1933, as amended, is unavailable for the resale of the shares by Kodiak.

MARKET FOR OUR COMMON STOCK

Our shares are traded on the Bulletin Board operated by the Financial Industry Regulatory Authority under the symbol "KALO". A summary of trading by quarter for 2013, 2012 and 2011 is as follows:

Fiscal Year – 2013	High Bid	Low Bid
First Quarter 1-1-13 to 3-31-13	\$0.04	\$0.01
Fiscal Year – 2012	High Bid	Low Bid
Fourth Quarter 10-1-2012 to 12-31-12	\$0.06	\$0.01
Third Quarter 7-1-12 to 9-30-12	\$0.20	\$0.01
Second Quarter 4-1-12 to 6-30-12	\$1.00	\$0.25
First Quarter 1-1-12 to 3-31-12	\$0.24	\$0.05
Fiscal Year – 2011	High Bid	Low Bid
Fourth Quarter 10-1-11 to 12-31-11	\$0.11	\$0.02
Third Quarter 7-1-11 to 9-30-11	\$0.10	\$0.05
Second Quarter 4-1-11 to 6-30-11	\$0.22	\$0.10
First Quarter 1-1-11 to 3-31-11	\$0.22	\$0.05

The foregoing reflects a three-for-one stock dividend declared on February 11, 2008.

Table of Contents

Dividends

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

A stock dividend was declared on February 11, 2008, wherein two additional common shares were issued for each one common share issued and outstanding as at February 25, 2008. We have not declared any other dividends.

Section 15(g) of the Securities Exchange Act of 1934

Our company's shares are covered by Section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Securities authorized for issuance under equity compensation plans

We currently have two equity compensation plans: the 2012 Non-Qualified Incentive Stock Option Plan and the 2011 Non-Qualified Incentive Stock Option Plan.

The 2012 Non-Qualified Incentive Stock Option Plan provides for the issuance of stock options for services rendered to us. The board of directors is vested with the power to determine the terms and conditions of the options. The Plan includes 50,000,000 shares of common stock.

The 2011 Non-Qualified Incentive Stock Option Plan provides for the issuance of stock options for services rendered to us. The board of directors is vested with the power to determine the terms and conditions of the options. The Plan included 10,000,000 shares of common stock. At September 7, 2012, options to acquire 7,233,334 shares have been granted; 7,233,334 options have been exercised; and, 2,766,666 options to acquire shares of common stock remain available under this plan.

Table of Contents

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities in column (a)) (c)
Equity compensation plans approved by security holders	None	None	None
Equity compensation plans not approved by securities holders	0	\$0.0	52,766,666
Total	0	\$0.0	52,766,666

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This section of the report includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or our predictions.

There is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay out our bills. This is because we have not generated substantial revenues and do not anticipate generating on-going revenue until we complete the development of our website and engage suppliers and customers to buy our products. We expect to incur operating losses in the foreseeable future and our ability to continue as a going concern is dependent upon our ability to raise additional money through investments by others and achieve profitable operations. There is no assurance that we will be able to raise additional money or that additional money or that additional financing will be available to us on satisfactory terms or that we will be able to achieve profitable operations. The consolidated statements were prepared under the assumption that the Company will continue as a going concern, however, there can be no assurance that such financial support shall be ongoing or available on terms or conditions acceptable to the Company. This raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

For the last 4 fiscal years, starting January 2010, Kallo management and board of directors have raised funds through a personal and professional network of angel investors. This has enabled product and business development, continued operations, and generation of customer interest. In order to continue operations, management has contemplated several options to raise capital and sustain operations in the next 12 months. One of these options is an equity line of credit from Kodiak Capital Group LLC. Management's opinion is that this line of credit from Kodiak

Capital Group LLC will enable continued operations for the next 12 months. There is no assurance that Kodiak Capital Group LLC will supply us with any money. In the event we do not receive any funds from Kodiak, we will continue to borrow money from or sell restricted shares of our common stock to our officers and directors in order to maintain operations. Our officers and directors are under no legal duty to provide us with additional financing nor have our officers and directors committed to provide us with additional financing.

Table of Contents

Analysis of our business acquisition and operations cost indicate a reasonable requirement of USD \$2,000,000 or less. We have entered into an agreement with Kodiak Capital Group, LLC., a Delaware limited liability company (“Kodiak”) whereby we have the right to “put” to Kodiak up to \$2,000,000 in our shares of common stock. In connection therewith, we have filed a Form S-1 registration statement with the Securities and Exchange Commission registering for sale up to 50,000,000 shares of our common stock. Based upon the current price of our common stock, we believe that if Kodiak purchases all 50,000,000 shares of common stock, we will only receive \$720,000. The reasonable funding requirement of US\$2,000,000 is estimated to fund our operations and capital requirements over the next 12 months. Management believes that the Company can be generating revenue in the next 6-12 months, and therefore will not require additional funding.

On November 20, 2012, we signed a memorandum of understanding with the Ministry of Health of the Republic of Ghana for the supply and implementation of a National Mobile Care program with Mobile Clinics and Clinical Command Centers integrated with the existing healthcare system and improve the healthcare delivery services to the rural and remote population of Ghana at large for a total project cost for National implementation and Maintenance support for five years of US\$158,500,000.

1. The Ministry of Health of the Republic of Ghana and Kallo Inc. have agreed that a contract for the implementation of the Mobile Care projects will be signed when the following conditions have been satisfied:
 - a) Approval of the Credit Agreement by the Cabinet and Parliament of Republic of Ghana and the relevant KALLO INC. for the implementation of the projects;
 - b) Approval by the Ministry of Health of the detailed proposal for Mobile Care project submitted by Kallo Inc., dated 19 November 2012 which includes detailed technical specifications for the mobile clinics, training and maintenance support services.
 - c) The training program will include a certification process for Kallo Inc., affiliated Canadian and United States Of America Medical Teaching University and Applied Science Colleges.
 - d) Successful completion of “Value for Money” audit of the Contractor’s proposal and negotiations;
 - e) Approval of the contract by the Public Procurement Authority of Ghana.
2. That the National rollout overview and supply and training schedules will be mutually agreed, upon the acceptance of the indicative terms and condition of the loan by the Ministry of Finance and Economic Planning of the Republic of Ghana;
3. That Party B’s financial proposals attached herein to be used by the Ministry of Finance and Economic Planning for consideration and value for money assessment;
 - a) That Party B’s technical proposals shall be considered by a team of experts for assessment and negotiation
4. Any disputes between the parties shall be resolved through negotiation and mediation by the appropriate authorities
5. That within 30 days after the signing of the MOU, Party A shall notify Party B by a written document his requirements and specifications which shall include and not be limited to the following information:

Table of Contents

- a) Feasibility study report
- b) National geographic locations and demographic deployment schedules for Mobile Clinics and Clinical Command Centers
 - c) Different functional requirements of Mobile clinics for both rural and urban locations
 - d) Number of Mobile Clinics and Clinical Command Centers in each region
- e) Current standards for medical equipment in hospital in Ghana, for example: the standard of radiation control of X-ray machine
- f) Standards for electric appliances used in mobile clinics and for environmental protection, for example: power outlet and interface of electric appliances, busing standards for the protection for X -ray machine
- g) Standards for waste-water treatment, medical waste treatment, operating-room and supply room of the Mobile Clinic
 - h) Human resources deployment in district level hospital for mobile clinic
 - i) Standards for contagious diseases isolation and sterilization in Ghana
 - j) Principal of accessory and spare-parts supply
 - k) Principle of medical consumables and medical equipment consumables

As at May 10, 2013, the following items have been satisfied:

- a) Approval by the Ministry of Health of the detailed proposal for Mobile Care project submitted by Kallo Inc., dated 19 November 2012 which includes detailed technical specifications for the mobile clinics, training and maintenance support services.
- b) The training program will include a certification process for Kallo Inc., affiliated Canadian and United States Of America Medical Teaching University and Applied Science Colleges.
 - c) Feasibility study report
- d) National geographic locations and demographic deployment schedules for Mobile Clinics and Clinical Command Centers
 - e) Different functional requirements of Mobile clinics for both rural and urban locations
 - f) Number of Mobile Clinics and Clinical Command Centers in each region
- g) Current standards for medical equipment in hospital in Ghana, for example: the standard of radiation control of X-ray machine
- h) Standards for electric appliances used in mobile clinics and for environmental protection, for example: power outlet and interface of electric appliances, busing standards for the protection for X -ray machine
- i) Standards for waste-water treatment, medical waste treatment, operating-room and supply room of the Mobile Clinic
 - j) Human resources deployment in district level hospital for mobile clinic
 - k) Standards for contagious diseases isolation and sterilization in Ghana
 - l) Principal of accessory and spare-parts supply
 - m) Principle of medical consumables and medical equipment consumables

Plan of Operation at June 30, 2013

The following Plan of Operation contains forward-looking statements, which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth elsewhere in this document.

Kallo mobile Care implementation plan for Ghana is based on the timelines of the Mobiles Clinic's delivery and training provided by Kallo.

Table of Contents