

Propell Technologies Group, Inc.
Form 10-Q
May 16, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 – Q

x QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2016

“TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 000-53488

PROPELL TECHNOLOGIES GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

26-1856569

(IRS Employer Identification Number)

10655 Bammel North Houston Road

Suite 100, Houston, Texas 77086

(Address of principal executive offices including zip code)

(713) 227 - 0480

(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 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 shell company (as defined in Rule 12b-2 of the Exchange Act). 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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Number of shares outstanding of the issuer's common stock as of the latest practicable date: 268,558,931 shares of common stock, \$.001 par value per share, as of May 13, 2016.

PROPELL TECHNOLOGIES GROUP, INC

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In particular, statements contained in this Quarterly Report Form 10-Q, including but not limited to, statements regarding our intention to be an oil exploration and production acquisition company, the commercialization of our technology; the sufficiency of our cash, our ability to finance our operations and business initiatives and obtain funding for such activities; our future results of operations and financial position, business strategy and plan prospects, or costs and objectives of management for future acquisitions, are forward-looking statements. These forward-looking statements relate to our future plans, objectives, expectations and intentions and may be identified by words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “seeks,” “goals,” “estimates,” “predicts,” “potential” and “continue” or similar words. Readers are cautioned that these forward-looking statements are based on our current beliefs, expectations and assumptions and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those identified below, under Part II, Item 1A. “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q, and those identified under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on March 30, 2016. Therefore, actual results may differ materially and adversely from those expressed, projected or implied in any forward-looking statements. We undertake no obligation to revise or update any forward-looking statements for any reason.

NOTE REGARDING COMPANY REFERENCES

Throughout this Quarterly Report on Form 10-Q, “Propell,” the “Company,” “we,” “us” and “our” refer to Propell Technologies Group, Inc.

PROPELL TECHNOLOGIES GROUP, INC.

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Item 1.

PROPELL TECHNOLOGIES GROUP, INC.

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PROPELL TECHNOLOGIES GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2016 Unaudited	December 31, 2015
Assets		
Current Assets		
Cash	\$10,503,563	\$11,700,143
Accounts receivable	87,241	913
Prepaid expenses	72,295	227,010
Total Current Assets	10,663,099	11,928,066
Non-Current Assets		
Plant and equipment, net	818,613	690,538
Intangibles, net	210,000	227,500
Deposits	9,168	2,200
Total Non-Current Assets	1,037,781	920,238
Total Assets	\$11,700,880	\$12,848,304
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$159,541	\$150,071
Accounts payable - related parties	101,171	1,000
Accrued expenses and other payables	61,773	290,947
Notes payable	3,000	3,000
Total Current Liabilities	325,485	445,017
Stockholders' Equity		
Series A-1 Convertible Preferred stock, \$0.01 par value; 5,000,000 shares designated, 3,137,500 shares issued and outstanding. (liquidation preference \$251,000)	3,138	3,138
Series B Convertible, Redeemable Preferred Stock, \$0.001 par value; 500,000 shares designated; 40,000 issued and outstanding. (liquidation preference \$480,000)	40	40
Series C Convertible, Preferred Stock, \$0.001 par value, 4,500,000 shares designated, 4,500,000 issued and outstanding (liquidation preference \$14,750,000)	4,500	4,500
Common stock, \$0.001 par value; 500,000,000 shares authorized, 268,558,931 shares issued and outstanding.	268,559	268,559
Additional paid-in-capital	26,290,942	26,271,185
Accumulated deficit	(15,191,784)	(14,393,474)
Total stockholder's equity - controlling interest	11,375,395	12,153,948
Non-controlling interest	-	249,339
Total Stockholders' Equity	11,375,395	12,403,287
Total Liabilities and Stockholders' Equity	\$11,700,880	\$12,848,304

See notes to unaudited condensed consolidated financial statements

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PROPELL
TECHNOLOGIES
GROUP, INC.
UNAUDITED
CONDENSED
CONSOLIDATED
STATEMENTS OF
OPERATIONS

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net Revenue	\$82,237	\$82,500
Cost of Goods Sold	110,047	57,823
Gross (Loss) Profit	(27,810)	24,677
Sales and Marketing	5,899	597
Professional fees	107,674	155,731
Business development	148,750	-
Consulting fees	440,819	94,387
General and administrative	482,619	383,091
Depreciation and amortization	34,088	32,433
Total Expense	1,219,849	666,239
Loss from Operations	(1,247,659)	(641,562)
Other income	200,010	-
Amortization of debt discount and finance costs	-	(53,100)
Change in fair value of derivative liabilities	-	18,455
Loss before Provision for Income Taxes	(1,047,649)	(676,207)
Provision for Income Taxes	-	-
Net Loss	(1,047,649)	(676,207)
Net loss attributable to non-controlling interest	249,339	-
Net Los Attributable to Controlling Interest	(798,310)	(676,207)
Deemed preferred stock dividend	-	(1,101,696)

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Undeclared Series B and Series C Preferred stock dividends	(156,071)	(82,575)
Net loss available to common stock holders	\$(954,381)	\$(1,860,478)
Net Loss Per Share - Basic and Diluted	\$(0.00)	\$(0.01)
Weighted Average Number of Shares Outstanding - Basic and Diluted	268,558,931	250,363,331

See notes to unaudited condensed consolidated financial statements

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PROPELL TECHNOLOGIES GROUP, INC.**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY****FOR THE PERIOD JANUARY 1, 2016 TO MARCH 31, 2016**

	Preferred Stock		Series B		Series C		Common Stock		Additional Paid-in Capital	Accumula Deficit
	Series A-1 Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Balance as of January 1, 2016	3,137,500	\$3,138	40,000	\$40	4,500,000	\$4,500	268,558,931	\$268,559	\$26,271,185	\$(14,393,4
Stock option based compensation	-	-	-	-	-	-	-	-	19,757	-
Net loss for the three months ended March 31, 2016	-	-	-	-	-	-	-	-	-	(798,310
Balance as of March 31, 2016	3,137,500	\$3,138	40,000	\$40	4,500,000	\$4,500	268,558,931	\$268,559	\$26,290,942	\$(15,191,7

See notes to unaudited condensed consolidated financial statements

PROPELL TECHNOLOGIES GROUP, INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2016	Three months ended March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to the company	\$ (798,310)	\$ (676,207)
Less: loss attributable to non-controlling interest	(249,339)	-
Net loss	(1,047,649)	(676,207)
Adjustment to reconcile net loss to net cash used in operating activities:		