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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **May 2, 2017**

ARTELO BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation)

333-199213

(Commission File Number)

33-1220924

(IRS Employer Identification No.)

29 Fitzwilliam Street Upper, Dublin 2 Ireland

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **+353 (1) 443 4604**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

Exclusive License Agreement

On May 2, 2017, Artelo Biosciences, Inc. (the “**Company**”) entered into an Exclusive Patent License Agreement (the “**License Agreement**”) with Analog Biosciences, Inc. (“**Analog**”) pursuant to which the Company obtained an exclusive license to a provisional patent application, and any patent issued on such patent application, related to a combination product strategy to produce a synergy with cannabidiol (the “**Invention**”), which was previously assigned to Analog. Pursuant to the terms of the License Agreement, the Company will have the exclusive right to use and sublicense the Invention, for which it will pay Analog a percentage of any sales, an earned royalty and certain other payments. The License Agreement will remain in effect through the life of the Invention and may be terminated by either party as set forth in the License Agreement.

The foregoing is a summary description of certain terms of the License Agreement and does not purport to be complete, and it is qualified in its entirety by reference to the full text of the License Agreement, a redacted copy of which is attached hereto as **Exhibit 10.1** and is incorporated herein by reference.

Indemnification Agreement

On May 2, 2017, the Company entered into an Indemnification Agreement (the “**Indemnification Agreement**”) with its newly elected directors, Connie Matsui and Steven Kelly, who were appointed to the Company’s Board of Directors (the “**Board**”) on the same date.

Pursuant to the Indemnification Agreement, the Company agreed to indemnify Ms. Matsui and Mr. Kelly against all expenses, liability and loss, subject to certain limitations, arising out of their respective duties with the Company. The Indemnification Agreement provides indemnification in addition to the indemnification provided by the Company’s certificate of incorporation and by-laws and by applicable law. Among other things, the Indemnification Agreement expressly provides indemnification for Ms. Matsui and Mr. Kelly for expenses, liability and loss (actually or reasonably incurred by each of them in connection with the investigation, defense, settlement or appeal of any proceeding relating to their respective duties with the Company. In addition, the Company has agreed to advance expenses, subject to certain limitations, incurred by Ms. Matsui and Mr. Kelly in connection with the investigation, defense, settlement or appeal of any proceeding to which they are a party or are threatened to be made a party as a result of their respective duties with the Company.

The foregoing is a summary description of certain terms of the Indemnification Agreement and does not purport to be complete, and it is qualified in its entirety by reference to the full text of the Indemnification Agreement, a copy of which is attached hereto as **Exhibit 10.2** and is incorporated herein by reference.

Note Repayment Agreement

On May 4, 2017, the Company entered into a Note Repayment Agreement (the “**Repayment Agreement**”) with Malibu Investments Limited (“**Malibu**”), pursuant to which the Company agreed to repay \$31,500, representing all of the principal and accrued interest the Company owed Malibu under a Senior

Promissory Note dated November 18, 2016, in the principal amount of \$30,000.

The foregoing is a summary description of certain terms of the Repayment Agreement and does not purport to be complete, and it is qualified in its entirety by reference to the full text of the Repayment Agreement, a copy of which is attached hereto as **Exhibit 10.3** and is incorporated herein by reference.

Stock Purchase Agreement

On May 4, 2017, Peter O'Brien, the Company's majority shareholder, a member of its Board and its Senior Vice President – European Operations and the Company entered into a Stock Purchase Agreement (the "**Stock Purchase Agreement**") with David Moss pursuant to which Mr. O'Brien sold three

million shares of the Company's stock owned by him for \$3,000. Pursuant to the terms of the Stock Purchase Agreement, the Company granted Mr. Moss demand registration rights for the shares purchased.

The foregoing is a summary description of certain terms of the Stock Purchase Agreement and does not purport to be complete, and it is qualified in its entirety by reference to the full text of the Stock Purchase Agreement, a copy of which is attached hereto as **Exhibit 10.4** and is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective as of May 2, 2017, the Board increased its size from two members to four members and appointed Connie Matsui as a member of the Board and the Chair of the Board and Steven Kelly as a member of the Board to serve in such capacity for a period of four years, subject to their earlier resignation or removal.

Connie Matsui. Ms. Matsui brings to her role over 16 years of general management experience in the biotechnology industry. Ms. Matsui retired from Biogen Idec in January 2009 as Executive Vice President, Knowledge and Innovation Networks. She served as an Executive Committee member at both Biogen Idec and IDEC Pharmaceuticals, a predecessor of Biogen Idec. Among the major roles she held after joining IDEC in November 1992 were: Senior Vice President, overseeing investor relations, corporate communications, human resources, project management and strategic planning; Collaboration Chair for the late stage development and commercialization of rituximab (tradenames: Rituxan[®], MabThera[®]) in partnership with Roche and Genentech; and Project Leader for Zevalin[®], the first radioimmunotherapy approved by the FDA. Prior to entering the biotechnology industry, Ms. Matsui worked for Wells Fargo Bank in general management, marketing and human resources. Ms. Matsui currently serves as the Chair of the Board at Halozyme and has been active on a number of not-for-profit boards. She was National President/Board Chair of the Girl Scouts of the USA from 1999 to 2002. Ms. Matsui earned BA and MBA degrees from Stanford University.

Steven Kelly. Mr. Kelly brings nearly thirty years of experience in Pharma/Biotech at all phases of the business across multiple therapeutic categories. Since 2012, Mr. Kelly has been the principal of Kelly BioConsulting, LLC, and serves as an independent consultant providing strategic direction and guidance to a variety of life sciences companies. Most recently, Mr. Kelly was the founding CEO of Pinteon Therapeutics, an early stage Oncology and CNS development company. Prior to this he held a number of leadership positions in the biotechnology industry including: CEO, Theracrine; CCO, BioVex; CEO, Innovive Pharmaceuticals; as well as various commercial and manufacturing roles at Sanofi, IDEC Pharmaceuticals and Amgen. Mr. Kelly holds a BS from University of Oregon and an MBA from Cornell University.

There are no arrangements or understandings between either Ms. Matsui or Mr. Kelly and any person pursuant to which they were selected as a director, and there are no actual or proposed transactions between any of Ms. Matsui, Mr. Kelly or any of their related persons and the Company that would require disclosure under Item 404(a) of Regulation S-K (17 CFR 229.404(a)) in connection with their respective appointments as a director of the Company.

As compensation for their service, the Company has agreed to issue 120,000 shares of the Company's common stock to Ms. Matsui and 100,000 shares of the Company's common stock to Mr. Kelly, which vest in equal installments over a four year period, subject to their continued service to the Company. The Company intends to compensate its Board members at a rate of \$15,000-\$20,000 per year beginning in their second year of service and at a rate of \$20,000-\$30,000 each year thereafter, subject to Board approval. The Company has agreed to reimburse Board members for any reasonable expenses incurred by them in connection with any travel requested by and on behalf of the Company.

Item 8.01 Other Events.

On May 2, 2017, the Company's website officially went live; interested parties may view the website at www.artelobio.com.

Investors and others should note that the Company announces material financial information to its investors using SEC filings and press releases. The Company uses its website to communicate with subscribers, shareholders and the public about the Company, its ongoing research and development, and other corporate matters that are in the public domain. The Company encourages investors, the media, and others interested in the Company to review the information posted on the website.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1†	Exclusive License Agreement between Artelo Biosciences, Inc. and Analog Sciences, Inc.
10.2	Form of Indemnification Agreement
10.3	Note Repayment Agreement between Artelo Biosciences, Inc. and Malibu Investments Limited
10.4	Stock Purchase Agreement dated May 4, 2017

† Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ARTELO BIOSCIENCES, INC.

/s/ Gregory Gorgas

Gregory Gorgas
President & CEO

Date May 8, 2017

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR PORTIONS OF THIS DOCUMENT.

[***] INDICATES INFORMATION THAT HAS BEEN OMITTED AND FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. ALL SUCH OMITTED INFORMATION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

EXCLUSIVE PATENT LICENSE AGREEMENT

This exclusive license agreement ("Agreement") is effective May 2, 2017 ("Effective Date"), by and between (a) Analog Biosciences, Inc. ("Licensor"), a Nevada corporation, having an office at 1340 Specialty Dr., Ste i, Vista, CA 92081, and (b) Artelo Biosciences, Inc. ("Licensee"), a Nevada corporation having a principal place of business at 564 Wedge Lane, Fernley, NV 89408. Licensor and Licensee may be referred to herein, on occasion, individually as "Party" or collectively as "Parties".

RECITALS

Whereas, Licensor has an assignment of title to the invention titled [****] (the "Invention"), invented by [****], and to the patents and patent applications under Patent Rights as defined below, which are directed to the Invention;

Whereas, Licensor and Licensee desire to have the Invention developed and commercialized so that products resulting therefrom may be available for public use and benefit; and

Whereas, Licensee desires to acquire, and Licensor desires to grant, a license under Patent Rights to make, use, sell, offer for sale, and import products, methods, and services in accordance with the terms herein.

Now, therefore, the Parties agree as follows:

1. DEFINITIONS

1.1 "Affiliate" of Licensee (or of a Sublicensee, respectively) means any entity that, as of the applicable point in time during the term of this Agreement, directly or indirectly Controls Licensee (or a Sublicensee, respectively), is Controlled by Licensee (or a Sublicensee, respectively), or is under common Control with Licensee (or a Sublicensee, respectively). "Control" means (a) having the actual, present capacity to elect a majority of the directors of such entity, (b) having the power to direct at least fifty percent (50%) of the voting rights entitled to elect directors of such entity, or (c) in any country where the local law will not permit foreign equity participation of a majority of the outstanding stock or voting rights of such entity, the ownership or control, directly or indirectly, of the maximum percentage of such outstanding stock or voting rights permitted by local law.

1.2 "Licensed Field of Use" means all fields of use covered by the Patent Rights.

1.3 "Licensed Method" means any process or method the use or practice of which, (a) but for the license granted pursuant to this Agreement, would infringe, or contribute to or induce the infringement of, a Valid Claim of any issued, unexpired patent under Patent Rights, or (b) is covered by a claim in a pending patent application under Patent Rights. As used in Subparagraph (b) of this Paragraph 1.3, "covered by a claim in a pending patent application" means that such use or practice would, but for the license granted pursuant to this Agreement, constitute infringement, contributory infringement, or inducement of infringement, of such claim if such claim were issued.

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1.4 "Licensed Product" means any product, material, kit, or other article of manufacture or composition of matter, the making, use, Sale, offer for Sale, or import of which (a) but for the license granted pursuant to this Agreement, would infringe, or contribute to or induce the infringement of, a Valid Claim of any issued, unexpired patent under Patent Rights, or (b) is covered by a claim in a pending patent application under Patent Rights. As used in Subparagraph (b) of this Paragraph 1.4, "covered by a claim in a pending patent application" means that such making, use, Sale, offer for Sale, or import would, but for the license granted pursuant to this Agreement, constitute infringement, contributory infringement, or inducement of infringement, of such claim if such claim were issued.

1.5 "Licensed Service" means a service provided using Licensed Products or Licensed Methods, including, without limitation, any such service provided in the form of contract research or other research performed by Licensee on behalf of a third party.

1.6 "Licensed Territory" means the United States and its territories and possessions, and any foreign countries where Patent Rights exist.

1.7 "Net Sales" means the gross invoice price charged by, and the value of non-cash consideration owed to, Licensee or a Sublicensee for Sales of Licensed Products and Licensed Services, less the sum of the following actual and customary deductions to the extent applicable: (a) cash, trade or quantity discounts; (b) sales, use, tariff, import or export duties, or other excise taxes, when included in Sales, but not value-added taxes assessed on (or income taxes derived from) such Sales; and (c) allowances or credits to customers because of rejections or returns. For purposes of calculating Net Sales, a Sale by Licensee to a Sublicensee for end use by the Sublicensee will be treated as a Sale at Licensee's list price.

1.8 "Patent Rights" means Licensor's rights in the claims of the following: [****] and assigned to Licensor; continuing applications thereof, including divisions, substitutions, extensions and continuation-in-part applications; patents issuing on said applications or continuing applications; reissues of such patents; and corresponding foreign patents or applications of any of the foregoing.

1.9 "Sale" means the act of selling, leasing, or otherwise transferring or providing Licensed Products and Licensed Services for any consideration. Correspondingly, "Sell" means to make or cause to be made a Sale, and "Sold" means to have made or caused to be made a Sale.

1.10 "Sublicense" means a sublicense under this Agreement.

1.11 "Sublicensee" means a sublicensee under this Agreement.

1.12 "Sublicense Agreement" means a sublicense agreement under this Agreement.

1.13 "Valid Claim" means a claim of a patent in any country, which claim (a) has not expired and (b) has not been held to be invalid by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken.

2. GRANT

2.1 Subject to the limitations set forth in this Agreement, including, without limitation, the rights reserved in Paragraph 2.2, Licensor hereby grants to

Licensee an exclusive license under Patent Rights, in the Licensed Field of Use in the Licensed Territory, (a) to make, use, offer for Sale, import, and Sell Licensed Products and Licensed Services, and (b) to practice Licensed Methods.

2.2 Licensor reserves the right to do any one or more of the following:

- (a) publish any technical data resulting from research performed by Licensor relating to the Invention;
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- (b) make, use, and import the Invention and associated technology for educational and research purposes;
- (c) practice Patent Rights for educational and research purposes, including in order to make, use, and import products, and in order to use and practice methods; and
- (d) allow other educational and non-profit institutions to do any one or more of the activities of Subparagraphs (a), (b), and (c) of this Paragraph 2.2, for educational and research purposes.

3. SUBLICENSES

3.1 Licensor hereby further grants to Licensee the right to grant to Affiliates of Licensee, to Affiliates of Sublicensees, and to third parties a Sublicense under the rights granted to Licensee hereunder, provided that Licensee has exclusive rights under this Agreement at the time of the grant of the Sublicense. Every Sublicense will include:

- (a) a statement setting forth the date upon which Licensee's exclusive license rights hereunder will expire;
- (b) a provision requiring the performance by the Sublicensee of all the obligations owed by Licensee to Licensor under this Agreement other than those rights and obligations specified in Paragraph 5.3 (Minimum Annual Royalty);
- (c) a provision requiring payment of royalties to Licensee in an amount sufficient to permit Licensee to meet Licensee's royalty obligations to Licensor at the rates and bases set forth in this Agreement;
- (d) a prohibition on the grant of further Sublicenses; and
- (e) a provision imposing on the Sublicensee the same obligation of indemnification which Licensee has under Article 18 (Indemnification).

3.2 Licensee will pay to Licensor twenty-five percent (25%) of any cash consideration, and of the cash equivalent of all other consideration, which is due to Licensee for the grant of rights under a Sublicense, excluding payments due to Licensee as a royalty based on Sales by the Sublicensee. Payment owed to Licensor under this Paragraph 3.2 is in addition to payments owed by Licensee to Licensor as Earned Royalties under Paragraph 4.1 below based on Sales by the Sublicensee.

3.3 Within thirty (30) days of execution of each Sublicense Agreement, or amendment thereof, Licensee will inform Licensor of such executed Sublicense Agreement or amendment, and Licensee will furnish to Licensor a copy of such Sublicense Agreement or amendment.

3.4 Affiliates of Licensee and Affiliates of Sublicensees will have no licenses under Patent Rights except as granted by Licensee in a Sublicense pursuant to this Agreement.

3.5 For the purposes of this Agreement, the operations of Sublicensees under their respective Sublicense Agreements will be deemed to be the operations of Licensee, for which Licensee will be responsible.

3.6 Licensee will collect and guarantee payment of all monies and other consideration due Licensor under this Agreement from Sublicensees.

3.7 Upon termination of this Agreement for any reason, at Licensor's discretion, all Sublicenses that are granted by Licensee pursuant to this Agreement, where the Sublicensee is in compliance with its Sublicense Agreement as of the date of such termination, will remain in effect and will be assigned to Licensor, except that Licensor will not be bound to perform any obligations set forth in any Sublicenses that extend beyond the obligations of Licensor set forth in this Agreement.

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4. ROYALTIES

4.1 Licensee will pay to Licensor earned royalties (“Earned Royalties”) at the rate of [****] ([****]%) of the Net Sales of all Licensed Products and Licensed Services.

4.2 Earned Royalties accruing to Licensor will be paid to Licensor, to be accompanied by the corresponding royalty report as required in Paragraph 6.4, quarterly within sixty (60) days after the end of each calendar quarter as follows: May 31 (for first quarter), August 31 (for second quarter), November 30 (for third quarter), and February 28 (for fourth quarter).

4.3 Beginning May 2, 2021, and in each calendar year thereafter, Licensee will pay to Licensor a minimum annual royalty (“Minimum Annual Royalty”) of [****] dollars (\$[****]) for the life of this Agreement. The Minimum Annual Royalty will be paid to Licensor by May 2 of each year and will be credited against the Earned Royalties due and owing for the calendar year for which the Minimum Annual Royalty is made.

4.4 All payments due Licensor will be payable in United States dollars. When Licensed Products and Licensed Services are Sold for monies other than United States dollars, Earned Royalties will first be determined in the foreign currency of the country in which the Sale was made and then converted into equivalent United States dollars. The exchange rate will be that rate quoted in the *Wall Street Journal* on the last business day of the reporting period.

4.5 Earned Royalty payments due to Licensor for Sales occurring in any country outside the United States will not be reduced by any taxes, fees, or other charges imposed by the government of such country on the remittance of royalty income. Licensee will also be responsible for all bank transfer charges for payments to Licensor.

4.6 Licensee will make all payments under this Agreement either by check or electronic transfer, payable to “Analog Biosciences, Inc.” and Licensee will forward such payments to Licensor at the address shown in Paragraph 20.1.

4.7 If any patent or patent application, or any claim thereof, included within Patent Rights expires, or is held invalid or unpatentable in a final decision by a court of competent jurisdiction and last resort and from which no appeal has been or can be taken, all obligations to pay Earned Royalties based on such patent, patent application, or claim will cease as of the date of such expiration or final decision. Licensee will not, however, be relieved from paying any Earned Royalties that accrued before such expiration or final decision or that are based on another patent, patent application, or claim within Patent Rights which is not expired, or which is not held invalid or unpatentable in such final decision.

5. DILIGENCE

5.1 Licensee will diligently proceed with the development, manufacture, marketing, and Sale of Licensed Products and Licensed Services in quantities sufficient to meet the market demand.

5.2 In addition to Licensee’s obligations under Paragraph 5.1, Licensee will accomplish the following milestones in Licensee’s activities under this Agreement:

- (a) Dose the first patient in a Phase III Clinical Trial or foreign equivalent using the Licensed Product within three (3) years of the Effective Date of this Agreement; and

- (b) Obtain marketing authorization from the FDA or foreign equivalent for a Licensed Product within five (5) years of the Effective Date of this Agreement.
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5.3 As part of the consideration under this Agreement, Licensee shall pay to Licensor the following milestone payments:

- (a) \$[****] upon enrolling the first patient in a Phase III Clinical Trial or foreign equivalent using a Licensed Product; and
- (b) \$[****] upon obtaining marketing authorization from the FDA or foreign equivalent for each Licensed Product.

5.4 If Licensee is unable to meet any of its diligence obligations set forth in Paragraphs 5.1, 5.2 and 5.3, then Licensor will so notify Licensee of failure to perform. Licensee will have the right and option to extend the target date of any such diligence obligation for a period of six (6) months upon the payment of Five Thousand dollars (\$5,000) within the thirty (30)-day period prior to the date to be extended, for each such extension option exercised by Licensee. Licensee may further extend the target date of any diligence obligation for an additional six (6) months upon payment of an additional Five Thousand dollars (\$5,000). Additional extensions may be granted only by written agreement of the Parties. These payments are in addition to any other payments owed under this Agreement. Should Licensee opt not to extend the obligation or fail to meet the obligation by the extended target date, then Licensor will have the right and option either to terminate this Agreement or to reduce Licensee's exclusive license to a non-exclusive license. This right, if exercised by Licensor, supersedes the rights granted in Article 2 (Grant).

5.5 To exercise either the right to terminate this Agreement or to reduce the license to a non-exclusive license for lack of diligence under Paragraph 5.1, 5.2 or 5.3, Licensor will give Licensee written notice of the deficiency. Licensee thereafter will have sixty (60) days to cure the deficiency. If Licensor has not received satisfactory written evidence that the deficiency has been cured by the end of the sixty (60)-day period, then Licensor may, at its option, either terminate the Agreement or reduce Licensee's exclusive license to a non-exclusive license by giving written notice to Licensee. These notices will be subject to Article 20 (Notices).

6. PROGRESS AND ROYALTY REPORTS

6.1 For the six (6)-month period beginning May 2, 2021, within sixty (60) days of each June 30 and December 31 following the end of such six (6)-month period, Licensee will submit to Licensor a semi-annual progress report covering Licensee's activities related to the development and testing of Licensed Products, Licensed Services, and Licensed Methods, including the obtaining of necessary governmental approvals, if any, for marketing in the United States. These progress reports will be made until the first Sale occurs in the United States.

6.2 Each progress report will be a sufficiently detailed summary of activities of Licensee and any Sublicensees so that Licensor may evaluate and determine Licensee's progress in the development of Licensed Products, Licensed Services, and Licensed Methods, and in meeting Licensee's diligence obligations under Article 5, and will include (but not be limited to) the following:

- (a) summary of work completed and in progress;
- (b) current schedule of anticipated events and milestones, including diligence milestones under Paragraph 5.2;
- (c) anticipated market introduction dates for the Licensed Territory; and
- (d) Sublicensees' activities during the reporting period.

6.3 In Licensee's progress report immediately subsequent to the first Sale of a Licensed Product or a Licensed Service by Licensee or by a Sublicensee, Licensee will report the date of such first Sale.

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6.4 After the first Sale of a Licensed Product or a Licensed Service, Licensee will make quarterly royalty reports to Licensor, to be accompanied by the corresponding Earned Royalty payment as required in Paragraph 4.2, within sixty (60) days after the quarters ending March 31, June 30, September 30, and December 31, of each year. Each such royalty report will include at least the following:

- (a) the volume of Licensed Products and Licensed Services Sold;
- (b) gross revenue from Sale of Licensed Products and Licensed Services;
- (c) Net Sales pursuant to Paragraph 1.7, and the calculation of Net Sales, including all deductions taken, so that Licensor can confirm the calculation;
- (d) total Earned Royalties due Licensor; and
- (e) names and addresses of Sublicensees for any new Sublicenses entered into during the reporting quarter.

6.5 If no Sales of Licensed Products or Licensed Services have occurred during the report period, the royalty report will contain a statement to this effect.

7. BOOKS AND RECORDS

7.1 Licensee will keep full, true, and accurate books of accounts containing all particulars that may be necessary for the purpose of showing (a) the amount of Earned Royalties payable to Licensor, and (b) Licensee's compliance with obligations under this Agreement. For five (5) years following the end of the calendar year to which they pertain, said books and the supporting data will be open, during normal business hours upon reasonable notice, to the inspection and audit by representatives of Licensor for the purpose of verifying Licensee's royalty reports or compliance in other respects with this Agreement. Such representatives will be required to hold all information in confidence except as necessary to communicate Licensee's non-compliance with this Agreement to Licensor.

7.2 The fees and expenses of Licensor's representatives performing such an examination will be borne by Licensor, provided that if an error in underpaid royalties to Licensor of more than five percent (5%) of the total Earned Royalties due for any year is discovered, then the fees and expenses of these representatives in conducting such examination will be borne by Licensee.

8. LIFE OF THE AGREEMENT

8.1 Unless otherwise terminated by operation of law or by acts of the Parties in accordance with the terms of this Agreement, this Agreement will be in effect from the Effective Date and will remain in effect for the life of the last-to-expire patent or last-to-be-abandoned patent application licensed under this Agreement, whichever is later.

8.2 Any termination of this Agreement will not affect the rights and obligations set forth in the following:

Article 1 Definitions
Article 3 Sublicenses

Article 7 Books and Records
Article 8 Life of the Agreement
Article 11 Disposition of Licensed Products Upon Termination
Article 14 Limited Warranties
Article 16 Indemnification
Article 20 Notices
Article 21 Payments
Article 23 Confidentiality
Article 25 Applicable Law; Venue; Attorneys' Fees
Article 26 Scope of Agreement

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8.3 Any termination of this Agreement will not relieve Licensee of Licensee's obligation to pay any payment due or owing at the time of such termination and will not relieve any obligations, owed by either Party to the other Party, established prior to termination.

9. TERMINATION BY LICENSOR

9.1 If Licensee should violate or fail to perform any term of this Agreement, then Licensor may give written notice of such default ("Notice of Default") to Licensee. If Licensee should fail to repair such default within sixty (60) days of the effective date of such notice, Licensor will have the right to terminate this Agreement and the licenses herein by a second written notice ("Notice of Termination") to Licensee. If a Notice of Termination is sent to Licensee, this Agreement will automatically terminate on the effective date of such notice. Such termination will not relieve Licensee of Licensee's obligation to pay any royalty or license fees owing at the time of such termination and will not impair any accrued rights of Licensor. These notices will be subject to Article 20 (Notices).

9.2 Notwithstanding Paragraph 9.1, this Agreement will terminate immediately, if Licensee files a claim including in any way the assertion that any portion of Patent Rights is invalid or unenforceable, where the filing of such claim is by Licensee, by a third party on behalf of Licensee, or by a third party at the urging of Licensee.

9.3 Notwithstanding Paragraph 9.1, this Agreement will terminate immediately in the event of the filing of a petition for relief under the United States Bankruptcy Code by or against Licensee as a debtor or alleged debtor.

10. TERMINATION BY LICENSEE

10.1 Licensee will have the right at any time to terminate this Agreement in whole or as to any portion of Patent Rights by giving notice in writing to Licensor. Such notice of termination will be subject to Article 20 (Notices) and such termination of this Agreement in whole or in part will be effective ninety (90) days after the effective date of such notice of termination.

10.2 Any termination pursuant to Paragraph 10.1 will not relieve Licensee of any obligation or liability accrued hereunder prior to such termination or rescind anything done by Licensee or any payments made to Licensor hereunder prior to the time such termination becomes effective, and such termination will not affect in any manner any rights of Licensor arising under this Agreement prior to such termination.

11. DISPOSITION OF LICENSED PRODUCTS UPON TERMINATION

11.1 Upon termination of this Agreement, for a period of one hundred and twenty (120) days after the date of termination, Licensee may complete the making of, and may Sell, any partially made Licensed Products, and Licensee may continue the practice of Licensed Methods only to the extent necessary to do the foregoing; provided that all such Sales will be subject to the terms of this Agreement including, but not limited to, the payment of royalties at the rate and at the time provided herein and the rendering of reports thereon.

12. PATENT PROSECUTION AND MAINTENANCE

12.1 Patent prosecution shall be exclusively conducted by Coastal Patent Law Group, P.C. (www.coastalpatent.com), which is a third-party beneficiary under this Agreement.

12.2 Any matter related to patent prosecution under this Agreement shall be redressed under the terms set forth in Section 4 of the Engagement Agreement between Licensee and Coastal Patent Law Group, P.C. which is dated March 20, 2017, and the Addendum thereto dated March 24, 2017, collectively the "Engagement Agreement", such terms thereof being hereby incorporated by reference.

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12.3 For clarity, Licensee shall pay for all official costs of patent filings and patent maintenance, including fees of any patent authority whether U.S. or foreign, fees for drawings, postage and courier fees, and other fees, but specifically excluding attorney fees, within thirty (30) days of receiving an invoice or demand from Licensor.

13. MARKING

13.1 Licensee will mark all Licensed Products made, used, offered for Sale, imported, or Sold under this Agreement, or their containers, in accordance with applicable patent marking laws.

14. LIMITED WARRANTIES

14.1 Licensor warrants to Licensee that Licensor has the lawful right to grant this license.

14.2 This license and the associated rights to the Invention are provided to Licensee WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. LICENSOR MAKES NO REPRESENTATION OR WARRANTY THAT PRACTICE OF THE INVENTION OR PATENT RIGHTS (INCLUDING MAKING, USING, SELLING, OFFERING TO SELL, OR IMPORTING LICENSED PRODUCTS, LICENSED SERVICES, OR LICENSED METHODS) WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT.

14.3 IN NO EVENT WILL LICENSOR BE LIABLE FOR ANY INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS LICENSE OR A SUBLICENSE, OR THE USE OF THE INVENTION, PATENT RIGHTS, LICENSED METHODS, LICENSED SERVICES, OR LICENSED PRODUCTS.

14.4 Nothing in this Agreement is or will be construed as:

- (a) a warranty or representation by Licensor as to the patentability, validity, enforceability, or scope of Patent Rights;
- (b) a warranty or representation that anything made, used, Sold, offered for Sale, or imported under any license granted in this Agreement is or will be free from infringement of patents of third parties;
- (c) an obligation to bring or prosecute actions or suits against third parties for patent infringement;
- (d) conferring by implication, estoppel, or otherwise any license or rights under any patent applications or patents of Licensor other than Patent Rights, regardless of whether such patent applications or patents are dominant or subordinate to Patent Rights; or

- (e) an obligation to furnish any know-how not provided in the patents and patent applications under Patent Rights.

15. PATENT INFRINGEMENT

15.1 Any matter of patent infringement shall be redressed under the terms set forth in Section 5 of the Engagement Agreement referenced herein, such terms thereof being hereby incorporated by reference.

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16. INDEMNIFICATION

16.1 Licensee will, and will require Sublicensees to, indemnify, hold harmless, and defend Licensor and its officers, employees, and agents; sponsors of the research that led to the Invention; and the inventors of any patents and patent applications under Patent Rights and their employers; against any and all claims, suits, losses, damages, costs, fees, and expenses resulting from or arising out of exercise of this license or any Sublicense. This indemnification will include, but not be limited to, any product liability.

17. COMPLIANCE WITH LAWS/EXPORT CONTROLS

17.1 Licensee will comply with all applicable international, national, state, regional, and local laws and regulations in performing its obligations hereunder and in Licensee's use, manufacture, Sale, offer for Sale, or import of the Licensed Products or Licensed Services, or in Licensee's practice of Licensed Methods. Without limitation, Licensee will observe all applicable United States and foreign laws and regulations governing the transfer to other countries of technical data related to Licensed Products, Licensed Services, or Licensed Methods.

18. GOVERNMENT APPROVAL OR REGISTRATION

18.1 If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, Licensee will assume all legal obligations to do so. Licensee will notify Licensor if Licensee becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. Licensee will make all necessary filings and pay all costs, including fees, penalties, and all other out-of-pocket costs, associated with such reporting or approval process.

19. ASSIGNMENT

19.1 This Agreement is binding upon and will inure to the benefit of Licensor and to Licensor's successors and assigns. This Agreement is personal to Licensee and assignable by Licensee only with the written consent of Licensor, provided that Licensee may, on written notice to Licensor, assign this Agreement, including, without limitation, all obligations owed to Licensor hereunder, to an acquirer of all or substantially all of Licensee's stock or assets.

20. NOTICES

20.1 All notices under this Agreement will be deemed to have been fully given and effective when done in writing and (a) delivered in person, (b) mailed by registered or certified United States mail, or (c) deposited with a carrier service requiring signature by recipient, and addressed as follows:

To Licensor:

[]

To Licensee:

[]

Either Party may change its address upon written notice to the other Party.

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21. PAYMENTS

21.1 Payments to Licensor will be made by check or bank wire transfer, to the following address:

Checks:

The address associated with Licensor in accordance with Section 20.1.

Bank wire (Licensee is responsible for all wire transfer fees):

TBD upon payment becoming due

21.2 If monies owed to Licensor under this Agreement are not received by Licensor when due, Licensee will pay to Licensor interest charges at a rate of ten percent (10%) per annum. Such interest will be calculated from the date payment was due until actually received by Licensor. Such accrual of interest will be in addition to, and not in lieu of, enforcement of any other rights of Licensor related to such late payment. Acceptance of any late payment will not constitute a waiver under Article 22 (Waiver).

22. WAIVER

22.1 The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement will not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. None of the terms and conditions of this Agreement can be waived except by the written consent of the Party waiving compliance.

23. CONFIDENTIALITY

23.1 With respect to disclosures by one Party ("Disclosing Party") to the other Party ("Receiving Party") under this Agreement, the Receiving Party will, subject to Paragraphs 23.2 and 23.3, hold the Disclosing Party's proprietary business and technical information, patent prosecution material, and other proprietary information, including the negotiated terms of this Agreement (all such proprietary information referred to collectively herein as "Proprietary Information"), in confidence and against disclosure to third parties, with at least the same degree of care as the Disclosing Party exercises to protect the Disclosing Party's own data and information of a similar nature. This obligation will expire five (5) years after the termination or expiration of this Agreement.

23.2 With respect to Proprietary Information disclosed by the Disclosing Party to the Receiving Party, nothing contained herein will in any way restrict or

impair the right of the Receiving Party to use, disclose, or otherwise deal with any information or data which:

- (a) at the time of disclosure to the Receiving Party by the Disclosing Party is available to the public by publication or otherwise, or thereafter becomes available to the public by publication or otherwise through no act of the Receiving Party;
 - (b) the Receiving Party can show by written record was in the Receiving Party's possession prior to the time of disclosure to the Receiving Party hereunder and was not acquired by the Receiving Party from the Disclosing Party;
 - (c) is independently made available to the Receiving Party without restrictions as a matter of right by a third party, as demonstrated by written record;
 - (d) is independently developed by employees or agents of the Receiving Party who did not have access to the information disclosed by the Disclosing Party, as demonstrated by written record; or
 - (e) is subject to disclosure under the California Public Records Act or other requirements of law.
-

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23.3 Within fifteen (15) days following the effective date of termination or expiration of this Agreement, each Receiving Party agrees to destroy or return to the Disclosing Party Proprietary Information received from the Disclosing Party which is in the possession of the Receiving Party. However, each Receiving Party may retain one copy of Proprietary Information received from the Disclosing Party for archival purposes in non-working files for the sole purpose of verifying the ownership of the Proprietary Information, provided such Proprietary Information will be subject to the confidentiality provisions set forth in this Article 23 (Confidentiality). Subject to such right to retain for archival purposes, each Receiving Party agrees to provide to the Disclosing Party, within thirty (30) days following termination of this Agreement, a written notice that Proprietary Information received from the Disclosing Party has been returned or destroyed.

24. SEVERABILITY

24.1 The provisions of this Agreement are severable, and in the event that any provision of this Agreement is determined to be invalid or unenforceable under any controlling law, such invalidity or enforceability will not in any way affect the validity or enforceability of the remaining provisions hereof.

25. APPLICABLE LAW; VENUE; ATTORNEYS' FEES

25.1 This Agreement will be construed, interpreted, and applied in accordance with the laws of the State of California, excluding any choice-of-law rules that would direct the application of the laws of another jurisdiction, except that the scope and validity of any patent or patent application under Patent Rights will be determined by the applicable law of the country of such patent or patent application. Any legal action brought by one Party against the other Party relating to this Agreement will be conducted in San Diego, California. The prevailing Party in any such legal action under this Agreement will be entitled to recover its reasonable attorneys' fees in addition to its costs and necessary disbursements.

26. SCOPE OF AGREEMENT

26.1 Neither Party will use this Agreement as a basis to invoke the CREATE Act, 35 U.S.C. 103(c), without the written consent of the other Party.

26.2 This Agreement incorporates the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous communications, representations, or understandings, whether oral or written, between the Parties relating to the subject matter hereof unless incorporated by reference herein. For clarity, it is the intent of the Parties that the Engagement Agreement referenced in Section 15.1, and all terms thereof, are incorporated by reference herein. In the event any term of this Agreement conflicts with a term of the Engagement Agreement, the term in this Agreement shall control.

26.3 This Agreement may be modified only by written amendment duly executed by the Parties.

26.4 Intentionally left blank.

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In witness whereof, the Parties have executed this Agreement in duplicate originals by their respective authorized officers or representatives on the respective dates below.

Licensor: Analog Biosciences, Inc.

Licensee: Artelo Biosciences, Inc.

/s/ Joshua Schoonover

Authorized Signatory: Joshua S. Schoonover

/s/ Gregory Gorgas

Authorized Signatory: Gregory Gorgas

Date: May 2, 2017

Date: May 2, 2017

INDEMNIFICATION AGREEMENT

This Indemnification Agreement, dated as of _____, 20____, is made by and between Artelo Biosciences., a Nevada corporation (the “Corporation”) and _____ (the “Indemnitee”).

RECITALS

A. The Corporation recognizes that competent and experienced persons are increasingly reluctant to serve or to continue to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance or indemnification, or both, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors and officers;

B. The statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors and officers with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take;

C. The Corporation and Indemnitee recognize that plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious), that the defense and/or settlement of such litigation is often beyond the personal resources of directors and officers;

D. The Corporation believes that it is unfair for its directors and officers to assume the risk of huge judgments and other expenses which may occur in cases in which the director or officer received no personal profit and in cases where the director or officer was not culpable;

E. The Corporation, after reasonable investigation, has determined that the liability insurance coverage presently available to the Corporation may be inadequate in certain circumstances to cover all possible exposure for which Indemnitee should be protected. The Corporation believes that the interests of the Corporation and its shareholders would best be served by a combination of such insurance and the indemnification by the Corporation of the directors and officers of the Corporation;

F. The Corporation’s Amended and Revised Bylaws (the “Bylaws”) require the Corporation to indemnify its directors and officers to the fullest extent permitted by law;

G. Section 78.7502 of the Nevada Revised Statutes, under which the Corporation is organized, empowers the Corporation to indemnify its officers, directors, employees and agents by agreement and to indemnify persons who serve, at the request of the Corporation, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Section 78.7502 is not exclusive;

H. Section 78.138 of the Nevada Revised Statutes states that a director a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that:

- (a) The director’s or officer’s act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and
 - (b) The breach of those duties involved intentional misconduct, fraud or a knowing violation of law.
-

I. The Board of Directors has determined that contractual indemnification as set forth herein is not only reasonable and prudent but also promotes the best interests of the Corporation and its shareholders;

J. The Corporation desires and has requested Indemnitee to serve or continue to serve as a director or officer of the Corporation free from undue concern for unwarranted claims for damages arising out of or related to such services to the Corporation; and

K. Indemnitee is willing to serve, continue to serve or to provide additional service for or on behalf of the Corporation on the condition that he is furnished the indemnity provided for herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Generally.

To the fullest extent permitted by the laws of the State of Nevada:

(a) The Corporation shall indemnify Indemnitee if Indemnitee was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that Indemnitee is or was or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of the Corporation, or while serving as a director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, partner or manager or similar capacity) of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity. For the avoidance of doubt, the foregoing indemnification obligation includes, without limitation, claims for monetary damages against Indemnitee to the fullest extent permitted under Section 78.7502 of the Nevada Revised Statutes as in existence on the date hereof.

(b) The indemnification provided by this Section 1 shall be from and against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such action, suit or proceeding and any appeal therefrom, but shall only be provided if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action, suit or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(c) Notwithstanding the foregoing provisions of this Section 1, in the case of any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Corporation, or while serving as a director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation unless, and only to the extent that, the Nevada courts or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Nevada courts or such other court shall deem proper.

(d) The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 2. Successful Defense: Partial Indemnification. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 hereof or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. For purposes of this Agreement and without limiting the

foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe Indemnitee's conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

If Indemnitee is entitled under any provision of this Agreement to indemnification by the Corporation for some or a portion of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any action, suit, proceeding or investigation, or in defense of any claim, issue or matter therein, and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which Indemnitee is entitled.

Section 3. Determination That Indemnification Is Proper. Any indemnification hereunder shall (unless otherwise ordered by a court) be made by the Corporation unless a determination is made that indemnification of such person is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Section 1(b) hereof. Any such determination shall be made (i) by a majority vote of the directors who are not parties to the action, suit or proceeding in question ("disinterested directors"), even if less than a quorum, (ii) by a majority vote of a committee of disinterested directors designated by majority vote of disinterested directors, even if less than a quorum, (iii) by a majority vote of a quorum of the outstanding shares of stock of all classes entitled to vote on the matter, voting as a single class, which quorum shall consist of shareholders who are not at that time parties to the action, suit or proceeding in question, (iv) by independent legal counsel, or (v) by a court of competent jurisdiction.

Section 4. Advance Payment of Expenses; Notification and Defense of Claim.

(a) Expenses (including attorneys' fees) incurred by Indemnitee in defending a threatened or pending civil, criminal, administrative or investigative action, suit or proceeding, or in connection with an enforcement action pursuant to Section 5(b), shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding within thirty (30) days after receipt by the Corporation of (i) a statement or statements from Indemnitee requesting such advance or advances from time to time, and (ii) an undertaking by or on behalf of Indemnitee to repay such amount or amounts, only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Corporation as authorized by this Agreement or otherwise. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment. Advances shall be unsecured and interest-free.

(b) Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if a claim thereof is to be made against the Corporation hereunder, notify the Corporation of the commencement thereof. The failure to promptly notify the Corporation of the commencement of the action, suit or proceeding, or Indemnitee's request for indemnification, will not relieve the Corporation from any liability that it may have to Indemnitee hereunder, except to the extent the Corporation is prejudiced in its defense of such action, suit or proceeding as a result of such failure.

(c) In the event the Corporation shall be obligated to pay the expenses of Indemnitee with respect to an action, suit or proceeding, as provided in this Agreement, the Corporation, if appropriate, shall be entitled to assume the defense of such action, suit or proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Corporation, the Corporation will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same action, suit or proceeding, provided that (1) Indemnitee shall have the right to employ Indemnitee's own counsel in such action, suit or proceeding at Indemnitee's expense and (2) if (i) the employment of counsel by Indemnitee has been previously authorized in writing by the Corporation, (ii) counsel to the Corporation or Indemnitee shall have reasonably concluded that there may be a conflict of interest or position, or reasonably believes that a conflict is likely to arise, on any significant issue between the Corporation and Indemnitee in the conduct of any such defense or (iii) the Corporation shall not, in fact, have employed counsel to assume the defense of such action, suit or proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Corporation, except as otherwise expressly provided by this Agreement. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Corporation or Indemnitee shall have reasonably made the conclusion provided for in clause (ii) above.

(d) Notwithstanding any other provision of this Agreement to the contrary, to the extent that Indemnitee is, by reason of Indemnitee's corporate status with respect to the Corporation or any corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which Indemnitee is or was serving or has agreed to serve at the request of the Corporation, a witness or otherwise participates in any action, suit or proceeding at a time when Indemnitee is not a party in the action, suit or proceeding, the Corporation shall indemnify Indemnitee against all expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 5. Procedure for Indemnification.

(a) To obtain indemnification, Indemnitee shall promptly submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) The Corporation's determination whether to grant Indemnitee's indemnification request shall be made promptly, and in any event within 60 days following receipt of a request for indemnification pursuant to Section 5(a). The right to indemnification as granted by Section 1 of this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or fails to respond within such 60-day period. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 4 hereof where the required undertaking, if any, has been received by the Corporation) that Indemnitee has not met the standard of conduct set forth in Section 1 hereof, but the burden of proving such defense by clear and convincing evidence shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or one of its committees, its independent legal counsel, and its shareholders) to have made a determination prior to the commencement of such action that indemnification of Indemnitee is proper in the circumstances because

Indemnitee has met the applicable standard of conduct set forth in Section 1 hereof, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors or one of its committees, its independent legal counsel, and its shareholders) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has or has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing Indemnitee's right to indemnification, in whole or in part, in any such proceeding or otherwise shall also be indemnified by the Corporation.

(c) The Indemnitee shall be presumed to be entitled to indemnification under this Agreement upon submission of a request for indemnification pursuant to this Section 5, and the Corporation shall have the burden of proof in overcoming that presumption in reaching a determination contrary to that presumption. Such presumption shall be used as a basis for a determination of entitlement to indemnification unless the Corporation overcomes such presumption by clear and convincing evidence.

Section 6. Insurance and Subrogation.

(a) The Corporation may purchase and maintain insurance on behalf of Indemnitee who is or was or has agreed to serve at the request of the Corporation as a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against, and incurred by, Indemnitee or on Indemnitee's behalf in any such capacity, or arising out of Indemnitee's status as such, whether or not the Corporation would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement. If the Corporation has such insurance in effect at the time the Corporation receives from Indemnitee any notice of the commencement of a proceeding, the Corporation shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the policy. The Corporation shall thereafter take all

necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

(b) In the event of any payment by the Corporation under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Corporation shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

(c) The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) if and to the extent that Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise.

Section 7. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) The term "action, suit or proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative.

(b) The term "by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Corporation, or while serving as a director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise" shall be broadly construed and shall include, without limitation, any actual or alleged act or omission to act.

(c) The term "expenses" shall be broadly and reasonably construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, appeal bonds, other out-of-pocket costs and reasonable compensation for time spent by Indemnitee for which Indemnitee is not otherwise compensated by the Corporation or any third party, provided that the rate of compensation and estimated time involved is approved by the Board, which approval shall not be unreasonably withheld), actually and reasonably incurred by Indemnitee in connection with either the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, Section 607.0850 of the Nevada Statutes or otherwise.

(d) The term "judgments, fines and amounts paid in settlement" shall be broadly construed and shall include, without limitation, all direct and indirect payments of any type or nature whatsoever (including, without limitation, all penalties and amounts required to be forfeited or reimbursed to the Corporation), as well as any penalties or excise taxes assessed on a person with respect to an employee benefit plan).

(e) The term "Corporation" shall include, without limitation and in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(f) The term "other enterprises" shall include, without limitation, employee benefit plans.

(g) The term "serving at the request of the Corporation" shall include, without limitation, any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

(h) A person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Agreement.

Section 8. Limitation on Indemnification. Notwithstanding any other provision herein to the contrary, the Corporation shall not be obligated pursuant to this Agreement:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to an action, suit or proceeding (or part thereof) initiated by Indemnitee, except with respect to an action, suit or proceeding brought to establish or enforce a right to indemnification (which shall be governed by the provisions of Section 8(b) of this Agreement), unless such action, suit or proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

(b) Action for Indemnification. To indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, unless Indemnitee is successful in establishing Indemnitee's right to indemnification in such action, suit or proceeding, in whole or in part, or unless and to the extent that the court in such action, suit or proceeding shall determine that, despite Indemnitee's failure to establish their right to indemnification, Indemnitee is entitled to indemnity for such expenses; provided, however, that nothing in this Section 8(b) is intended to limit the Corporation's obligation with respect to the advancement of expenses to Indemnitee in connection with any such action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, as provided in Section 4 hereof.

(c) Section 16 Violations. To indemnify Indemnitee on account of any proceeding with respect to which final judgment is rendered against Indemnitee for payment or an accounting of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

(d) Non-compete and Non-disclosure. To indemnify Indemnitee in connection with proceedings or claims involving the enforcement of non-compete and/or non-disclosure agreements or the non-compete and/or non-disclosure provisions of employment, consulting or similar agreements the Indemnitee may be a party to with the Corporation, or any subsidiary of the Corporation or any other applicable foreign or domestic corporation, partnership, joint venture, trust or other enterprise, if any.

Section 9. Certain Settlement Provisions. The Corporation shall have no obligation to indemnify Indemnitee under this Agreement for amounts paid in settlement of any action, suit or proceeding without the Corporation's prior written consent, which shall not be unreasonably withheld. The Corporation shall not settle any action, suit or proceeding in any manner that would impose any fine or other obligation on Indemnitee without Indemnitee's prior written consent, which shall not be unreasonably withheld.

Section 10. Savings Clause. If any provision or provisions of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify Indemnitee as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated and to the full extent permitted by applicable law.

Section 11. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, it is agreed that, in such event, the Corporation shall, to the fullest extent permitted by law, contribute to the payment of Indemnitee's costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, in an amount that is just and equitable in the circumstances, taking into account, among other things, contributions by other directors and officers of the Corporation or others pursuant to indemnification agreements or otherwise; provided, that, without limiting the generality of the foregoing, such contribution shall not be

required where such holding by the court is due to (i) the failure of Indemnitee to meet the standard of conduct set forth in Section 1 hereof, or (ii) any limitation on indemnification set forth in Section 6(c), 8 or 9 hereof.

Section 12. Form and Delivery of Communications. Any notice, request or other communication required or permitted to be given to the parties under this Agreement shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, return receipt requested, postage prepaid, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to the Corporation:

Artelo Biosciences, Inc.
29 Fitzwilliam Street Upper
Dublin 2 Ireland
Attn: President
Facsimile: (646) 218-1401

If to Indemnitee:

[ADDRESS]

Section 13. Subsequent Legislation. If the Nevada Statutes are amended after adoption of this Agreement to expand further the indemnification permitted to directors or officers, then the Corporation shall indemnify Indemnitee to the fullest extent permitted by the Nevada Statutes, as so amended.

Section 14. Nonexclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Corporation's Certificate of Incorporation or Bylaws, in any court in which a proceeding is brought, the vote of the Corporation's shareholders or disinterested directors, other agreements or otherwise, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Corporation and shall inure to the benefit of the heirs, executors and administrators of Indemnitee. However, no amendment or alteration of the Corporation's Certificate of Incorporation or Bylaws or any other agreement shall adversely affect the rights provided to Indemnitee under this Agreement

Section 15. Enforcement. The Corporation shall be precluded from asserting in any judicial proceeding that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Corporation agrees that its execution of this Agreement shall constitute a stipulation by which it shall be irrevocably bound in any court of competent jurisdiction in which a proceeding by Indemnitee for enforcement of his rights hereunder shall have been commenced, continued or appealed, that its obligations set forth in this Agreement are unique and special, and that failure of the Corporation to comply with the provisions of this Agreement will cause irreparable and irremediable injury to Indemnitee, for which a remedy at law will be inadequate. As a result, in addition to any other right or remedy Indemnitee may have at law or in equity with respect to breach of this Agreement, Indemnitee shall be entitled to injunctive or mandatory relief directing specific performance by the Corporation of its obligations under this Agreement.

Section 16. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

Section 17. Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement.

Section 18. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 19. Successor and Assigns. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

Section 20. Service of Process and Venue. For purposes of any claims or proceedings to enforce this agreement, the Corporation consents to the jurisdiction and venue of any federal or state court of competent jurisdiction in the state of New York, and waives and agrees not to raise any defense that any such court is an inconvenient forum or any similar claim.

Section 21. Supersedes Prior Agreement. This Agreement supersedes any prior indemnification agreement between Indemnitee and the Corporation or its predecessors.

Section 22. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Nevada, as applied to contracts between Nevada residents entered into and to be performed entirely within Nevada. If a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Nevada govern indemnification by the Corporation of its officers and directors, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

Section 23. Employment Rights. Nothing in this Agreement is intended to create in Indemnitee any right to employment or continued employment.

Section 24. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

Section 25. Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

Artelo Biosciences, Inc.

By: _____

Name: Greg Gorgas

Title: President & CEO

INDEMNITEE:

By: _____

Name:

NOTE REPAYMENT AGREEMENT

THIS NOTE REPAYMENT AGREEMENT (this “**Agreement**”) is dated as of May 4, 2017, by and between Artelo Biosciences, Inc. (f/k/a Knight Knox Development Corp.) (“**Maker**”) and Malibu Investments Limited (“**Holder**”).

RECITALS

WHEREAS, Maker issued a Senior Promissory Note dated as of November 18, 2016 in favor of Holder in the principal amount of \$30,000, with an annual interest rate of ten percent and a maturity date of November 18, 2017 (the “**Note**”);

WHEREAS, as of the date of this Agreement Maker is indebted to Holder in the aggregate amount of \$31,500, including accrued and unpaid interest pursuant to the Note (the “**Amount Due**”); and

WHEREAS, Maker and Holder desire to enter into this Agreement to memorialize Maker’s repayment in full of the Note.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the parties hereby agree as follows:

1. Repayment of the Note

Within fourteen (14) days from the execution of this Agreement, Maker shall forward to Holder a confirmation of a wire transfer of the funds representing the Amount Due.

2. Cancellation of the Note

Upon receipt of confirmation of a wire transfer, Holder shall forward the original copy of the Note marked “PAID IN FULL” on the top of the Note. In the event Holder is unable to locate the original copy of the Note, or if Holder fails to forward the original copy of the Note, Holder hereby agrees that its receipt of funds representing the Amount Due shall be conclusive evidence of Maker’s full repayment of the Note and Holder’s rights thereunder shall cease.

3. No Other Rights

Notwithstanding anything in the Note to the contrary, including, but not limited to, Holder’s rights to have the Amount Due be converted into Maker’s next private placement, Maker and Holder hereby agree that repayment of the Amount Due pursuant to the terms of this Agreement represents Maker’s full repayment of the Note and Holder shall have no rights for any further repayment, either in cash or equity, from Maker.

4. Entire Agreement

This Agreement represents the parties entire agreement regarding repayment of the Note and supersedes and replaces any and all other agreements, oral or written.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Maker and Holder have caused this Note Repayment Agreement to be signed by their duly authorized representatives as of the date first written above.

ARTELO BIOSCIENCES, INC.

By: /s/ Gregory Gorgas
Name: Gregory Gorgas
Title: President & CEO

MALIBU INVESTMENTS LIMITED

By: /s/ Stephen McClure
Name: Stephen McClure
Title: Director

STOCK PURCHASE AGREEMENT (“**Agreement**”) dated as of the 4th day of May, 2017, by and among **Peter O’Brien** (the “**Seller**”), **David Moss** (the “**Purchaser**”), and Artelo Biosciences, Inc. (f/k/a Reactive Medical Inc.), a Nevada corporation (the “**Company**”)

WHEREAS, the Seller is the owner of 6,000,000 shares of the Company’s common stock, par value \$0.001 per share (the “**Seller Shares**”) representing approximately 61% of the Company’s issued and outstanding shares of common stock;

WHEREAS, the Seller proposes to sell to the Purchaser and Purchaser proposes to purchase from the Seller THREE MILLION (3,000,000) Seller Shares (the “**Purchased Shares**”), on the terms set forth herein; and

WHEREAS, the Company believes that it is in its and its shareholders best interests to facilitate the transactions contemplated by this Agreement.

ACCORDINGLY, in consideration of the premises, representations, warranties and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. PURCHASE AND SALE AND CLOSING

1.1. The Seller hereby agrees to sell, assign, transfer and deliver to the Purchaser, and the Purchaser hereby agrees to purchase from the Seller, the Purchased Shares for an aggregate purchase price of \$3,000 (the “**Purchase Price**”) payable on the Closing Date (as defined below). Payment shall be in U.S. Dollars, in the form of a certified check or bank wire transfer sent to the personal account of the Seller (account information as provided by separate communiqué).

1.2. Closing. The closing (“**Closing**”) of the transactions contemplated hereby will occur on, or, before May 19, 2017 (the “**Closing Date**”).

2. REPRESENTATIONS AND WARRANTIES OF THE SELLER

2.1. The Seller warrants, covenants and represents to the Purchaser with the intention of inducing the Purchaser to enter into this Agreement that:

- (a) the Seller is, and immediately prior to and at the Closing, the Seller shall be the legal and beneficial owner of the Purchased Shares and on the Closing Date, the Seller shall transfer to the Purchaser the Purchased Shares free and clear of all liens, restrictions, covenants or adverse claims of any kind or character;
 - (b) the Seller has the legal power and authority to execute and deliver this Agreement and all other documents required to be executed and delivered by the Seller hereunder and to consummate the transactions contemplated hereby; and
 - (c) the Seller is, or has been during the past ninety (90) days, an officer, director, 10% or greater shareholder or “affiliate” of the Company, as that term is defined in Rule 144 promulgated under the United States Securities Act of 1933, as amended (the “**Securities Act**”);
 - (d) to the best of the knowledge, information and belief of the Seller there are no circumstances that may result in any material adverse effect to the Company or the value of the Purchased Shares that are now in existence or may hereafter arise;
-

- (e) as of the Closing Date the Seller shall not be indebted to the Company and the Company shall not be indebted to the Seller;
- (f) the authorized capital of the Company consists of 150,000,000 common shares, par value \$0.001, of which a total of 9,800,000 common shares have been validly issued, are outstanding and are fully paid and non-assessable;
- (g) no person, firm or corporation has any right, agreement, warrant or option, present or future, contingent or absolute, or any right capable of becoming a right, agreement or option to require the Company to issue any shares in its capital or to convert any securities of the Company or of any other company into shares in the capital of the Company;
- (h) the Seller agrees to execute and deliver such other documents and to perform such other acts as shall be necessary to effectuate the purposes of this Agreement;
- (i) there are no claims threatened or against or affecting the Company nor are there any actions, suits, judgments, proceedings or investigations pending or, threatened against or affecting the Company, at law or in equity, before or by any Court, administrative agency or other tribunal or any governmental authority or any legal basis for same;
- (j) the Company is a "shell company" as that term is defined in the Securities Act and the rules and regulations promulgated thereunder; and
- (k) the Seller's Shares, including the Purchased Shares, are "restricted securities" as that term is defined in the Securities Act and the rules and regulations promulgated thereunder.

3. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

3.1. The Purchaser represents and warrants to the Seller that the Purchaser:

- (a) has the legal power and authority to execute and deliver this Agreement and to consummate the transactions hereby contemplated;
- (b) understands that the Company is a shell company;
- (c) understands that the Purchased Shares are restricted securities;
- (d) understands and agrees that offers and sales of any of the Purchased Shares prior to the expiration of a period of one year after the date of completion of the transfer of the Purchased Shares (the "**Restricted Period**") as contemplated in this Agreement shall only be made in accordance with the plan of distribution set forth in an effective registration statement in which the Purchased Shares were registered for resale, or pursuant to an applicable exemption from the registration requirements of the Securities Act, including, but not limited to Rule 144 as promulgated by the Securities and Exchange SEC (the "**SEC**") if and to the extent applicable; and
- (e) is acquiring the Purchased Shares as principal for the Purchaser's own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other person has a direct or indirect beneficial interest in the Purchased Shares

3.2 The Purchaser agrees not to engage in hedging transactions with regard to the Purchased Shares except in compliance with the Securities Act.

4. INDEMNIFICATION OTHER THAN PURSUANT TO SECTION 5.

The Seller hereby agrees to indemnify and hold harmless the Purchaser and the Company against any losses, claims, damages or liabilities to which the Purchaser or the Company may become subject insofar as such losses, claims, damages or liabilities arise out of or are based upon taxes, real property leases or equipment leases payable by or for which the Company has the primary liability; and in particular, any misrepresentation of the Seller as contained herein. Damages of the Purchaser are not limited to the amount of the Seller received hereunder but will include the Purchaser's or Company's actual cost of any claim and full costs of negotiations and for defense.

5. REGISTRATION RIGHTS.

The Company hereby grants the Purchaser the registration rights set forth in this **Section 5**.

5.1 Definitions.

"Effectiveness Date" means, with respect to the Registration Statement required to be filed hereunder, the Company's reasonable best efforts to have such Registration Statement declared effective the 180th calendar day following the date of the receipt by the Company of a notice from the Purchaser requiring the Company to file a Registration Statement (the **"Notice Date"**); provided, however, that in the event the Company is notified by the Securities and Exchange SEC (the **"SEC"**) that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the seventh (7th) Business Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Business Day, then the Effectiveness Date shall be the next succeeding Business Day.

"Filing Date" means, with respect to the Registration Statement required hereunder, the 90th calendar day following the Notice Date.

"Holder" or **"Holders"** means the Purchaser or the Purchaser's permitted assigns, but solely to the extent that the subject Registrable Securities have not been transferred, sold or assigned pursuant to the Registration Statement or in the aftermarket.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the SEC pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means, as of any date of determination: (a) all of the Purchased Shares (b) any other shares of Common stock deemed restricted shares as to which the Company may have granted registration rights (c) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as (a) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the SEC under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (b) such Registrable Securities have been previously sold in accordance with Rule 144 promulgated by the SEC pursuant to the Securities Act, or (c) such securities are eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter issued by counsel to the Company to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities and any securities issuable upon exercise, conversion or exchange of which, or as a dividend upon which, such securities were issued or are issuable, were at no time held by any affiliate of the Company), as reasonably determined by the Company, upon the advice of counsel to the Company.

"Registration Statement" means any registration statement required to be filed hereunder pursuant to **Section 5.2(a)**, including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

“**Rule 415**” means Rule 415 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

“**Rule 424**” means Rule 424 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

“**SEC Guidance**” means (i) any publicly-available written or oral guidance of the SEC staff, or any comments, requirements or requests of the SEC staff and (ii) the Securities Act.

5.2 Demand Resale Shelf Registration.

(a) On or prior to the Filing Date, the Company shall prepare and file with the SEC a Registration Statement (which shall be on Form S-1 or if permitted in accordance with SEC Guidance and applicable rules, on Form S-3) covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Subject to the terms of this **Section 5**, the Company shall use its commercially reasonable best efforts to cause a Registration Statement filed under this **Section 5** (including, without limitation, under Section 3(c)) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the Effectiveness Date, and shall use its commercially reasonable best efforts to keep such Registration Statement continuously effective under the Securities Act (or file and keep continuously effective one or more replacement Registration Statements to register all Registrable Securities) until the earlier of (i) all Registrable Securities covered by such Registration Statement have been sold, thereunder or pursuant to Rule 144, all Registrable Securities covered by such Registration Statement, (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders, or (iii) the 3rd anniversary date of the Effectiveness Date (the “**Effectiveness Period**”). The Company shall file a final Prospectus with the SEC as required by Rule 424 with respect to each Registration Statement. The Purchaser has the right to submit one demand notice pursuant to this **Section 5**.

(b) Notwithstanding the registration obligations set forth in **Section 5.2(a)**, if the SEC informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Registration Statement as required by the SEC, covering the maximum number of Registrable Securities permitted to be registered by the SEC, on such other form available to register for resale the Registrable Securities as a secondary offering; provided, however, that prior to filing such amendment, the Company shall be obligated to use commercially reasonable efforts to advocate with the SEC for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

(c) Notwithstanding any other provision of this **Section 5**, if the SEC or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering, unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows: (i) first, the Company shall reduce or eliminate any securities to be included by any Person other than a Holder; (ii) second, the Company shall reduce Registrable Securities represented by Warrant Shares (applied, in the case that if some Warrant Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Warrant Shares held by such Holders); and (iii) third, the Company shall reduce Registrable Securities represented by shares of Common Stock issued in the Offering (applied, in the case that if some of such shares of Common Stock may be registered, to the Holders on a pro rata basis based on the total number of unregistered shares held by such Holders).

(d) In the event the Company amends the Registration Statement in accordance with the foregoing, the Holder shall be entitled to the rights set forth in **Section 5.6(d)** with respect to those Registrable Securities that were not registered for resale on the Registration Statement, as amended.

(e) Each Holder agrees to furnish to the Company a completed questionnaire in the form and substance approved by counsel for the Company (the “**Selling Stockholder Questionnaire**”).

5.3 Registration Procedures. In connection with the Company’s registration obligations hereunder, the Company shall:

(a) (i) Prepare and file with the SEC such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the Registrable Securities for the Effectiveness Period, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this **Section 5**), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably practicable to any comments received from the SEC with respect to a Registration Statement or any amendment thereto, and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this **Section 5**) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(b) Notify each Holder as promptly as reasonably practicable (i) when the Registration Statement has become effective, (ii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any governmental action, litigation, hearing or other proceeding (“**Proceedings**”) for that purpose, and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose.

(c) Use its commercially reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(d) Subject to the terms of this **Section 5** and applicable law, consent to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(e) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, that, the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(f) If requested by a Holder, cooperate with such Holder to facilitate the preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(g) Comply with all applicable rules and regulations of the SEC.

(h) Furnish to each Holder such number of copies of the Prospectus included in the Registration Statement (including any preliminary Prospectus) and any supplement thereto (in each case including all exhibits and documents incorporated by reference therein) and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder.

(i) Use best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act.

(j) Furnish to any Holder so long as the Holder owns Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act.

5.4 Registration Expenses. All fees and expenses incident to the performance of or compliance with this **Section 5** by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. In no event however shall the Company be responsible for any broker or similar commissions of any Holder or any legal fees or other costs of the Holders.

5.5 Indemnification.

(a) **Indemnification by the Company.** The Company shall, notwithstanding any termination of this **Section 5**, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto, preliminary prospectus, free writing prospectus (as defined in Rule 405 promulgated under the Securities Act), or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this **Section 5**, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus, preliminary prospectus, free writing prospectus, or in any amendment or supplement thereto (it being understood that the Holder has approved the contents of the Selling Stockholder Questionnaire for this purpose) or (ii) the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder. The Company shall notify the Holders promptly of the institution, threat or assertion of any governmental action, litigation, hearing or other proceeding arising from or in connection with the transactions contemplated by this **Section 5** of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders.

(b) **Indemnification by Holders.** Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with any applicable prospectus delivery requirements of the Securities Act through no fault of the Company or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, preliminary prospectus, free writing prospectus, or in any amendment or supplement thereto, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus or (ii) to the extent, but only to the extent, that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved the contents of the Selling Stockholder Questionnaire for this purpose), such Prospectus, preliminary prospectus, free writing prospectus, or in any amendment or supplement thereto or (iii) to the extent, but only to the extent, related to the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder. In no event shall the liability of any selling Holder under this **Section 5.5(b)** be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) **Conduct of Indemnification Proceedings.**

(i) If any Proceeding shall be brought or asserted against any Person entitled to indemnify hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that, the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this **Section 5**, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

(ii) An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

(iii) Subject to the terms of this **Section 5**, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Business Days of written notice thereof to the Indemnifying Party; provided, that, the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

(d) **Contribution.** (i) If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this **Section 5**, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

(ii) The parties hereto agree that it would not be just and equitable if contribution pursuant to this **Section 5(d)** were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this **Section 5.5(d)**, no Holder shall be required to contribute pursuant to this **Section 5.5(d)**, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(iii) The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

5.6 Registrations Generally.

(a) **Remedies.** In the event of a breach by the Company or by a Holder of any of their respective obligations under this **Section 5**, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this **Section 5**, including recovery of damages, shall be entitled to specific performance of its rights under this **Section 5**. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this **Section 5** and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) **Compliance.** Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to a Registration Statement.

(c) **Discontinued Disposition.** By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event that makes the Registration Statement outdated, defective or otherwise unavailable, such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing by the Company or an agent of the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable, and shall advise each Holder thereof as promptly as practicable in writing.

(d) **Piggy-Back Registrations.** If, at any time during the Effectiveness Period, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the SEC a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans, then the Company shall deliver to each Holder a written notice of such determination and, if within fifteen business days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; provided, however, that the Company shall not be required to register any Registrable Securities pursuant to this **Section 5.6(d)** that are the subject of a then effective Registration Statement. The registration of the Registrable Securities pursuant to this **Section 5.6(d)** shall not be considered the satisfaction of the requirements of the Company pursuant to **Sections 5.2** and **5.3** of this **Section 5**, subject to **Section 5.2(d)**.

6. MISCELLANEOUS

6.1 The parties hereto acknowledge that they have obtained independent legal advice with respect to this Agreement and acknowledge that they fully understand the provisions of this Agreement.

6.2 Unless otherwise provided, all dollar amounts referred to in this Agreement are in United States dollars.

6.3 There are no representations, warranties, collateral agreements, or conditions concerning the subject matter of this Agreement except as herein specified.

6.4 This Agreement will be governed by and construed in accordance with the laws of the State of Nevada. The parties hereby attorn to the jurisdiction of the courts Clark County, Nevada with respect to any legal proceedings arising from this Agreement.

6.5 The representations and warranties of the parties contained in this Agreement shall survive the closing of the purchase and sale of the Purchased Shares and shall continue in full force and effect for a period of one year.

6.6 This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument.

6.7 Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

Each of the parties hereto has executed this Agreement to be effective as of the day and year first above written.

SELLER:

/s/ Peter O'Brien
Peter O'Brien

PURCHASER:

/s/ David Moss
David Moss

COMPANY:

/s/ Gregory Gorgas
Gregory Gorgas, CEO
