

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2017

or

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

For the transition period from _____ to _____

Commission File Number 333-199213

ARTELO BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

33-1220924

(IRS Employer Identification No.)

88 Prospect Street, Suite 210, La Jolla, CA USA

(Address of principal executive offices)

92037

(Zip Code)

+353 (1) 443-4604

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

9,800,000 common shares issued and outstanding as of July 7, 2017.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**ARTELO BIOSCIENCES, INC.
(Formerly REACTIVE MEDICAL INC.)
Consolidated Balance Sheets**

| | <u>May 31,</u> <u>2017</u> <u>(Unaudited)</u> | <u>August 31,</u> <u>2016</u> |
|---|---|----------------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 227,838 | \$ 3,590 |
| Total current assets | <u>227,838</u> | <u>3,590</u> |
| Total Assets | <u>\$ 227,838</u> | <u>\$ 3,590</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |

| Current Liabilities | | |
|---|-------------------|------------------|
| Accounts payable and accrued liabilities | \$ 71,315 | \$ 12,940 |
| Accrued interest | 1,603 | - |
| Due to related party | 7,478 | 4,450 |
| Note payable, net of discount of \$431 | 29,720 | - |
| Stock payable | 231,666 | - |
| Total current liabilities | <u>341,782</u> | <u>17,390</u> |
| Total Liabilities | <u>\$ 341,782</u> | <u>\$ 17,390</u> |
| Stockholders' Equity (Deficit) | | |
| Preferred stock, \$0.001 par value; 50,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, \$0.001 par value; 150,000,000 shares authorized; 9,800,000 and 7,640,000 issued and outstanding, respectively | 9,800 | 7,640 |
| Additional paid-in capital | 55,616 | 38,760 |
| Accumulated deficit | (179,360) | (60,200) |
| Total stockholders' equity (Deficit) | <u>(113,944)</u> | <u>(13,800)</u> |
| Total Liabilities and Stockholders' Equity (Deficit) | <u>\$ 227,838</u> | <u>\$ 3,590</u> |

The accompanying notes are an integral part of these unaudited financial statements.

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ARTELO BIOSCIENCES, INC.
(Formerly REACTIVE MEDICAL INC.)
Consolidated Statements of Operations
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|------------------------------------|---------------------------|----------------|--------------------------|----------------|
| | <u>May 31,</u> | <u>May 31,</u> | <u>May 31,</u> | <u>May 31,</u> |
| | <u>2017</u> | <u>2016</u> | <u>2017</u> | <u>2016</u> |
| Revenue | \$ - | \$ - | \$ - | \$ - |
| Operating Expenses | | | | |
| General and administrative expense | 17,633 | - | 21,749 | 609 |
| Stock based compensation | 1,666 | - | 1,666 | - |
| Professional fees | 76,426 | 5,050 | 93,822 | 24,750 |
| Total Operating Expenses | <u>95,725</u> | <u>5,050</u> | <u>117,237</u> | <u>25,359</u> |
| Loss from Operations | (94,059) | (5,050) | (117,237) | (25,359) |
| Other income (expense) | | | | |
| Interest expense | (907) | - | (1,923) | - |

| | | | | |
|--|--------------------|-------------------|---------------------|--------------------|
| Total other income (expense), net | (907) | - | (1,923) | - |
| Provision for income taxes | - | - | - | - |
| Net Loss | <u>\$ (96,632)</u> | <u>\$ (5,050)</u> | <u>\$ (119,160)</u> | <u>\$ (25,359)</u> |
| Basic and diluted net loss per common share | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> | <u>\$ (0.01)</u> | <u>\$ (0.00)</u> |
| Basic and diluted weighted-average common shares outstanding | <u>8,809,565</u> | <u>7,640,000</u> | <u>8,034,139</u> | <u>7,640,000</u> |

The accompanying notes are an integral part of these unaudited financial statements.

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ARTELO BIOSCIENCES, INC.
(Formerly REACTIVE MEDICAL INC.)
Consolidated Statements of Cash Flows
(Unaudited)

| | Nine Months Ended | |
|--|--------------------------|----------------|
| | May 31, | May 31, |
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Net loss | \$ (119,160) | \$ (25,359) |

| | | |
|---|-------------------|-----------------|
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Amortization of debt discount | 321 | - |
| Changes in assets and liabilities: | | |
| Accounts payable and accrued liabilities | 58,374 | 6,870 |
| Accrued interest | 1,603 | - |
| Net cash used in operating activities | (58,862) | (18,489) |
| Cash flows from investing activities: | | |
| Net cash used in investing activities | - | - |
| Cash flows from financing activities: | | |
| Collection from stock payable | 231,666 | - |
| Due to related party | 16,610 | - |
| Collection from share subscription receivable | - | 600 |
| Advance from shareholder | 3,274 | 4,450 |
| Proceeds from issuance of note payable | 29,400 | - |
| Issuance of common shares | 2,160 | - |
| Net cash provided by financing activities | 283,110 | 5,050 |
| Net decrease in cash and cash equivalents | 224,248 | (13,439) |
| Cash and cash equivalents at beginning of period | 3,590 | 17,029 |
| Cash and cash equivalents at end of period | \$ 227,838 | \$ 3,590 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for interest | \$ - | \$ - |
| Cash paid during the period for tax | \$ - | \$ - |
| Non-cash financing and investing activities: | | |
| Loan forgiven by previous shareholder | \$ 16,856 | \$ - |

The accompanying notes are an integral part of these unaudited financial statements.

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ARTELO BIOSCIENCES, INC.
(Formerly REACTIVE MEDICAL INC.)
Consolidated Notes to the Financial Statements
For the Nine Months Ended March 31, 2017

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

ARTELO BIOSCIENCES, INC. (the "Company") is a Nevada corporation incorporated on May 2, 2011. It is based in La Jolla, California, USA. The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America, and the Company's fiscal year end is August 31.

Effective on February 10, 2017, the Company changed its name from "KNIGHT KNOX DEVELOPMENT CORP.," to "REACTIVE MEDICAL INC." On April 14, 2017, the Company changed its name from "REACTIVE MEDICAL INC." to ARTELO BIOSCIENCES, INC.

In May 2017, the Company registered a fully owned subsidiary in Ireland, Trinity Reliant Ventures Limited. No operations in the subsidiary have occurred up to May 31, 2017.

The Company intends to license, develop and commercialize novel cannabinoid therapeutic treatments. To date, the Company's activities have been limited to its formation and the raising of equity capital.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepares its financial statements in accordance with rules and regulations of the Securities and Exchange Commission ("SEC") and accounting principles generally accepted ("GAAP") in the United States of America. The accompanying interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information in accordance with Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the Company's opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended May 31, 2017 are not necessarily indicative of the results for the full year. While management of the Company believes that the disclosures presented herein are adequate and not misleading, these interim financial statements should be read in conjunction with the audited financial statements and the footnotes thereto for the year ended August 31, 2016 contained in the Company's Form 10-K filed on December 1, 2016.

Basis of Consolidation

The financial statements have been prepared on a consolidated basis, with the Company's fully owned subsidiary Trinity Reliant Ventures Limited. No intercompany balances or transactions exist during the period ended May 31, 2017.

NOTE 3 - GOING CONCERN

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not established an ongoing source of revenues sufficient to cover its operating cost, and requires additional capital to commence its operating plan. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. These factors raise substantial doubt about its ability to continue as a going concern.

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In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan to obtain such resources for the Company include: sales of equity instruments; traditional financing, such as loans; and obtaining capital from management and significant stockholders sufficient to meet its minimal operating expenses. However, management cannot provide any assurance that the Company will be successful in accomplishing any of its plans.

There is no assurance that the Company will be able to obtain sufficient additional funds when needed or that such funds, if available, will be obtainable on terms satisfactory to the Company. In addition, profitability will ultimately depend upon the level of revenues received from business operations. However, there is no assurance that the Company will attain profitability. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the nine months ended May 31, 2017, the Company has a

net loss of \$119,160. As at May 31, 2017, the Company had an accumulated deficit of \$179,360 and has earned no revenues. The Company intends to fund operations through equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for future periods.

NOTE 4 - RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2017, the former President, and current Senior Vice President, European Operations, who is a major shareholder advanced the Company cash of \$200, and paid rent expense on behalf of the Company for \$3,074. As of May 31, 2017, the amount owed to this party was \$3,274. The advance is non-interest bearing, and has no terms of repayment.

During the nine months ended May 31, 2017, the president of the Company incurred \$4,204 of expenses on behalf of the Company. The amount owing to the related party as of May 31, 2017 is \$4,204. The amounts are non-interest bearing, and have no terms of repayment.

During the nine months ended May 31, 2017, the Company borrowed an additional \$12,406 from former President of the Company who at the time was the Company's controlling shareholder; the amount borrowed was non-interest bearing and due on-demand loan (the "Shareholder Loan"). On November 18, 2016, the Shareholder Loan was forgiven for the total loan amount of \$16,856.

On November 18, 2016, a former President of the Company transferred all of the 6,000,000 shares that they held to the current Senior Vice President, European Operations.

During the nine months ended May 31, 2017, the Company received \$230,000, consisting of \$80,000 from one non-related party, and \$150,000 from two related parties. The amounts have been recorded as stock payable, and will be settled with shares of the Company. The amounts will be settled with the issuance of 575,000 common shares, purchase price of \$0.40 and 575,000 warrants with an exercise price of \$1.00 per share, and five years expiry date.

The Company has an employment contract with a key employee, Mr. Gregory Gorgas, who is an officer of the Company.

The amounts and terms of the above transactions may not necessarily be indicative of the amounts and terms that would have been incurred had comparable transactions been entered into with independent third parties.

During the nine months ended May 31, 2017, the company recorded \$1,666 of stock compensation expense for two Board of Directors' members.

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NOTE 5 – NOTE PAYABLE

On November 18, 2016, the Company issued a Promissory Note of \$30,000. The note bears interest at a rate of 10% per annum and is due on November 18, 2017. The Company also recognized financing cost of \$600 as debt discount.

During the nine months ended May 31, 2017, the Company recorded interest expense of \$1,603 and amortization expense related to financing cost of \$321.

NOTE 6 - EQUITY

Authorized Stock

On January 19, 2017, a majority of stockholders of our company and our board of directors approved a change of name of our company from Knight Knox Development Corp. to Reactive Medical Inc. and an increase to our authorized capital from 75,000,000 shares of common stock, par value \$0.001 to 150,000,000 shares of common stock, par value \$0.001 and 50,000,000 shares of preferred stock, par value \$0.001.

Preferred shares

The Company has authorized 50,000,000 shares of preferred stock with a par value of \$0.001.

During the nine months ended May 31, 2017, there were no issuances of preferred stock.

Common Shares

The Company has authorized 150,000,000 common shares with a par value of \$0.001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the company is sought.

During the nine months ended May 31, 2017, the Company issued 2,160,000 common shares, par value \$0.001 for proceeds of \$2,160.

NOTE 7 – SUBSEQUENT EVENTS

On June 2, 2017, the Company registered a fully owned subsidiary in England and Wales, Trinity Research & Development Limited.

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Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

Our financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles (GAAP).

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to the common shares in our capital stock.

As used in this quarterly report, the terms “we”, “us”, “our” and “our company” mean Reactive Medical Inc., unless otherwise indicated.

Overview

We were incorporated under the laws of the State of Nevada on May 2, 2011 under the name Knight Knox Development Corp. Our principal address is 888 Prospect Street, Suite 210, La Jolla, California, USA and our European office is located at 29 Fitzwilliam Street, Upper, Dublin 2 Ireland. Our telephone number in North America is 760-943-1689 and our European office number is +353 (1) 443 4604.

From inception to January 2017 our business plan was that of a development stage e-commerce company with the intention of operating a fully functional auction site where customers would register for an account and sell and purchase goods and services. Beginning in April 2017, we changed our business plan and we are now focused on becoming a specialty biopharmaceutical company that intends to license, develop and commercialize novel cannabinoid therapeutic treatments, although we have licensed one provisional patent pertaining to a novel cannabinoid-based drug combination to date, we are not yet developing any such treatments.

On January 19, 2017, a majority of our stockholders and our board of directors approved a name change from Knight Knox Development Corp. to Reactive Medical Inc., to better reflect a change of direction of our business. In addition, the majority stockholder and our board of directors approved an increase to our authorized capital from 75,000,000 shares of common stock, par value \$0.001 to 150,000,000 shares of common stock, par value \$0.001 and 50,000,000 shares of preferred stock, par value \$0.001. The change of name became effective with the OTC Markets at the opening of trading on February 10, 2017 under the symbol “RMED”.

On March 30, 2017, Peter O'Brien resigned his positions as President, Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer of the company and was appointed Senior Vice President of European Operations. On April 3, 2017, Mr. Gregory Gorgas was appointed President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer and a member of our board of directors. On that date, the Company entered into an employment contract with Mr. Gorgas, which commits the Company and Mr. Gorgas to specific rights and responsibilities, customary to industry standards. For example, upon fulfilling certain obligations, including raising capital in excess of \$5,000,000, Mr. Gorgas will then be paid an annual salary of \$250,000 and be eligible for additional compensation in the form of bonus, equity, and benefits, commensurate with industry standards. Per the terms of the employment agreement, that any investment in, or appointment to or continuing service on a board of directors or similar body of, any corporation or entity, must be approved in writing by the Company. The agreement includes non-competition terms. The employment agreement can only be terminated in accordance with the Term of Employment specified in the agreement.

Simultaneously, on April 3, 2017, Mr. Gorgas entered into a stock purchase agreement to purchase 1,760,000 common shares for a purchase price of \$1,760.

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On April 14, 2017, with the approval of its board of directors and shareholders owning a majority of our company's issued and outstanding shares by written consent in lieu of a meeting, we filed a Certificate of Change with the Secretary of State of Nevada, changing our name to Artelo Biosciences, Inc., effective as of April 28, 2017. The change of name became effective on the OTC Markets on May 2, 2017 under the symbol "ARTL".

On May 2, 2017, we entered into an Exclusive Patent License Agreement with Analog Biosciences, Inc. pursuant to which we 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, our 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.

On May 2, 2017, we entered into an Indemnification Agreement with its newly elected directors, Connie Matsui and Steven Kelly, who were appointed to our Board of Directors on the same date.

Pursuant to the Indemnification Agreement, our 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 our company. The Indemnification Agreement provides indemnification in addition to the indemnification provided by our 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 our company. In addition, we have 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 our company.

On May 4, 2017, we entered into a Note Repayment Agreement with Malibu Investments Limited, pursuant to which our company agreed to repay \$31,500, representing all of the principal and accrued interest our company owed Malibu under a Senior Promissory Note dated November 18, 2016, in the principal amount of \$30,000.

We are a development stage company and have commenced only minimal business operations and have not generated any revenues. We have been issued a "going concern" opinion by our auditor, based upon our reliance on the sale of our common stock as the sole source of funds for our current operations.

We have two wholly owned subsidiaries, Trinity Reliant Ventures Limited, in Ireland, and Trinity Research & Development Limited, in England and Wales.

We have never declared bankruptcy, been in receivership, or involved in any kind of legal proceeding.

Our Current Business

We are focused on becoming a specialty biopharmaceutical company that intends to license, develop and commercialize novel cannabinoid therapeutic treatments for unmet medical needs. We plan to achieve our objectives by sourcing intellectual property and programs from existing research outside our company combined with developing our own novel research strategies. We anticipate licensing early stage research initiatives as well as programs that are in clinical development or near the clinical development phase. Entering clinical development may be dependent upon achieving certain regulatory approvals, contracts with clinical sites, and securing sufficient capital.

We expect to create new intellectual property in the course of our business. In addition, we intend to develop our own drugs and delivery methods by conducting research and clinical development efforts through existing and new contracted collaborations. The Company anticipates conducting sufficient formulation research to be ready to enter clinical development in 2018, pending approvals from regulatory authorities and institutional ethics committees. Our development efforts and pathway to commercialization will be in alignment with regulatory authorities in the markets we intend to sell products, specifically Europe and North America.

At this time we secured one license to a provisional patent which, if perfected and awarded, would provide intellectual property protection for one or more cannabinoid-based drug combination products, should the company elect to pursue one or more development strategies based upon the patent claims. Besides the aforementioned license, the company has no additional licenses.

We have not located or licensed any specific drug programs that we may develop. There is no guarantee that we will be able to license or develop any potential treatments.

The following summary of our results of operations, for the nine months ended May 31, 2017 and 2016, should be read in conjunction with our interim financial statements, as included in this Form 10-Q and our audited financial statements for the year ended August 31, 2016, as included in Form 10-K filed with the SEC on November 29, 2016.

Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. We expect we will require additional capital to meet our long term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities, but we cannot guarantee that we will be able to achieve same.

The following table provides selected financial data about our company as of May 31, 2017 and August 31, 2016.

Balance Sheet Data

| | <u>May 31,</u> <u>2017</u> | <u>August 31,</u> <u>2016</u> |
|--------------------------------|-------------------------------|----------------------------------|
| Cash | \$ 227,838 | \$ 3,590 |
| Total Assets | \$ 227,838 | \$ 3,590 |
| Total Liabilities | \$ 341,782 | \$ 17,390 |
| Stockholders' Equity (Deficit) | \$ (113,944) | \$ (13,800) |

We have not generated any revenues since inception through May 31, 2017. The increase in cash was primarily due to cash received for stock payable.

For the Three Months Ended May 31, 2017 Compared to the Three Months Ended May 31, 2016

| | <u>Three Months Ended</u> <u>May 31,</u> | |
|------------------------------------|---|-------------------|
| | <u>2017</u> | <u>2016</u> |
| Operating Expenses | | |
| General and administrative expense | \$ 17,633 | \$ - |
| Stock based compensation | 1,666 | - |
| Professional fees | 76,426 | 5,050 |
| Total Operating Expenses | <u>95,725</u> | <u>5,050</u> |
| Loss from Operations | <u>(96,632)</u> | <u>(5,050)</u> |
| Provision for income taxes | - | - |
| Net Loss | <u>\$ (96,632)</u> | <u>\$ (5,050)</u> |

Our operating expenses, for the three months ended May 31, 2017 were \$95,725 compared to \$5,050 for the same period in 2016. The Company's operating expenses were primarily related to professional fees for ongoing regulatory requirements. The increase in general and administrative expenses was primarily due to an increase in professional fees associated with capital raise, initiating subsidiaries, diligence activities, stock based compensation and travel expenses.

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For the Nine Months Ended May 31, 2017 Compared to the Nine Months Ended May, 2016

| | Nine Months Ended May 31, | |
|------------------------------------|------------------------------|--------------------|
| | 2017 | 2016 |
| Operating Expenses | | |
| General and administrative expense | \$ 21,749 | \$ 609 |
| Stock based compensation | 1,666 | - |
| Professional fees | 93,822 | 24,750 |
| Total Operating Expenses | <u>117,237</u> | <u>25,359</u> |
| Loss from Operations | (117,237) | (25,359) |
| Provision for income taxes | - | - |
| Net Loss | <u>\$ (119,160)</u> | <u>\$ (25,359)</u> |

Our operating expenses, for the nine months ended May 31, 2017 were \$117,237 compared to \$25,359 for the same period in 2016. The higher operating expenses during the nine months ended May 31, 2017 were primarily related to professional fees associated with initial capital raise and for license and program acquisition diligence.

Liquidity and Capital Resources

Working Capital

| | May 31, 2017 | August 31, 2016 |
|------------------------|---------------------|--------------------|
| Current Assets | \$ 227,838 | \$ 3,590 |
| Current Liabilities | 341,782 | 17,390 |
| Working Capital | <u>\$ (113,944)</u> | <u>\$ (13,800)</u> |

Cash Flows

| | Nine Months Ended May 31, | |
|---|------------------------------|--------------------|
| | 2017 | 2016 |
| Cash Flows used in operating activities | \$ (119,160) | \$ (18,489) |
| Cash Flows used in investing activities | - | - |
| Cash Flows provided by financing activities | 283,110 | 5,050 |
| Net decrease in cash during period | <u>\$ 224,248</u> | <u>\$ (13,439)</u> |

Cash Flow from Operating Activities

During the nine months ended May 31, 2017, cash used by operating activities was \$58,862 compared to cash used in operating activities of \$18,489 during the period ended May 31, 2016. Operating activities for the nine months ended May 31, 2017 consisted of a net loss of \$119,160, an increase in accounts payable of \$58,374, offset by amortization of debt discount of \$321, and accrued interest of \$1,603.

Cash Flow from Investing Activities

The company did not use any funds for investing activities in the nine months ended May 31, 2017 and 2016.

Cash Flow from Financing Activities

During the nine months ended May 31, 2017, the company received \$3,274 as an advances and expenses paid from the current Senior Vice President, European Operations, \$29,400 from the proceeds from the issuance of a note payable, \$2,160 from the issuance of common shares, \$231,666 from stock payable, \$4,204 of expenses incurred by the president of the Company, and \$12,406 from the previous president of the Company. During the nine months ended May 31, 2016, the company received \$600 from subscription receivable and received \$4,450 non-interest bearing on-demand loan from the previous president of the Company.

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Going Concern

Our auditors issued a going concern opinion on our financial statements as of and for the period ended August 31, 2016. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay for our expenses. This is because we have not generated sufficient revenues to cover operating costs or raised enough funds. There is no assurance we will ever reach this point. Accordingly, we must raise sufficient capital from sources. We must raise cash to stay in business. In response to these problems, management intends to raise additional funds through public or private placement offerings. At this time, however, the Company does not have plans or intentions to raise additional funds by way of the sale of additional securities, other than pursuant to our current Offering.

Off Balance Sheet Arrangement

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt, and we have not entered into any synthetic leases. We are, therefore, not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies and Estimates

We prepare our financial statements in conformity with GAAP, which requires management to make certain estimates and apply judgments. We base our estimates and judgments on historical experience, current trends and other factors that management believes to be important at the time the financial statements are prepared. On a regular basis, we review our accounting policies and how they are applied and disclosed in our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a “smaller reporting company”, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, our management evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of May 31, 2017.

Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating and implementing possible controls and procedures.

Management conducted its evaluation of disclosure controls and procedures under the supervision of our chief executive officer and our chief financial officer. Based on that evaluation, we concluded that our disclosure controls and procedures were not effective as of May 31, 2017.

Changes in Internal Control Over Financial Reporting

During the period covered by this report there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in litigation relating to claims arising out of our operations in the normal course of business. We are not involved in any pending legal proceeding or litigation and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of our properties is subject, which would reasonably be likely to have a material adverse effect on us.

Item 1A. Risk Factors

As a “smaller reporting company”, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

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.

As compensation for their service, our company has agreed to issue 120,000 shares of our company's common stock to Ms. Matsui and 100,000 shares of our company's common stock to Mr. Kelly, which vest in equal installments over a four year period, subject to their continued service to our company. Our 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. Our 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 our company.

On May 4, 2017, Peter O'Brien, our company's majority shareholder, a member of our Board and our Senior Vice President – European Operations and our 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 our company's stock owned by him for \$3,000. Pursuant to the terms of the Stock Purchase Agreement, our company granted Mr. Moss demand registration rights for the shares purchased.

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Item 6. Exhibits

| Exhibit Number | Description |
|------------------------------|---|
| (31) | Rule 13a-14 (d)/15d-14d Certifications |
| <u>31.1*</u> | <u>Section 302 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer</u> |
| (32) | Section 1350 Certifications |
| <u>32.1*</u> | <u>Section 906 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer</u> |
| 101 | Interactive Data File |
| 101.INS** | XBRL Instance Document |
| 101.SCH** | XBRL Taxonomy Extension Schema Document |

| | |
|-----------|--|
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase Document |

* Filed herewith

** Furnished herewith. XBRL (eXtensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARTELO BIOSCIENCES, INC.
(Registrant)

Dated: July 21, 2017

/s/ Greg Gorgas
Greg Gorgas

President, Chief Executive Officer, Chief Financial
Officer,
Treasurer and Director
(Principal Executive Officer, Principal Financial
Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Greg Gorgas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Artelo Biosciences, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 21, 2017

/s/ Greg Gorgas

Greg Gorgas
President, Chief Executive Officer, Chief Financial Officer,
Treasurer and Director
(Principal Executive Officer, Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Greg Gorgas, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the quarterly report on Form 10-Q of Artelo Biosciences, Inc. for the period ended May 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Artelo Biosciences, Inc.

Dated: July 21, 2017

/s/ Greg Gorgas

Greg Gorgas
President, Chief Executive Officer, Chief Financial Officer,
Treasurer and Director (Principal Executive Officer,
Principal Financial Officer and
Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Artelo Biosciences, Inc. and will be retained by Artelo Biosciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.