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: **November 30, 2018**

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	**33-1220924**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
888 Prospect Street, Suite 210, La Jolla CA	**92037**
(Address of principal executive offices)	(Zip Code)

(760) 943-1689
(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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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	☐	Accelerated filer	☐
Non-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.

As of January 14, 2019, 15,282,687 shares of the registrant's common stock were issued and outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

ARTELO BIOSCIENCES, INC.
Consolidated Balance Sheets
(Unaudited)

	November 30, 2018	August 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 115,074	$ 337,424
Prepaid expenses and deposits	46,346	36,884
Other receivable	3,462	22,127
Total Current Assets	164,882	396,435
Equipment, net of accumulated depreciation of $344 and $282, respectively	481	563
TOTAL ASSETS	165,363	396,998
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued liabilities	$ 634,699	$ 529,272
Due to related party	5,828	2,700
Total Current Liabilities	640,527	531,972
STOCKHOLDERS' DEFICIT		
Preferred Stock, par value $0.001, 50,000,000 shares authorized, 0 and 0 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively	-	-

Common Stock, par value $0.001, 150,000,000 shares authorized, 14,230,020 and 14,002,293 shares issued and outstanding as of November 30, 2018 and August 31, 2018, respectively	14,230	14,002
Additional paid-in capital	2,713,481	2,501,884
Accumulated deficit	(3,195,483)	(2,638,580)
Accumulated other comprehensive loss	(7,392)	(12,280)
Total Stockholders' Deficit	(475,164)	(134,974)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 165,363	$ 396,998

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

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

	Three months ended November 30,	
	2018	**2017**
OPERATING EXPENSES		
General and administrative	$ 205,501	$ 136,564
Professional fees	167,293	107,345

Research and development	184,039	33,076
Depreciation	70	72
Total Operating Expenses	556,903	277,057
Loss from Operations	(556,903)	(277,057)
Provision for income taxes	-	-
NET LOSS	(556,903)	$ (277,057)
OTHER COMPREHENSIVE LOSS		
Foreign currency translation adjustments	4,888	(1,025)
Total Other Comprehensive Income Loss	4,888	(1,025)
TOTAL COMPREHENSIVE LOSS	$ (552,015)	$ (278,082)
Basic and Diluted Loss per Common Share	$ (0.04)	$ (0.02)
Basic and Diluted Weighted Average Common Shares Outstanding	14,035,953	11,345,635

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

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

	Three months ended November 30,	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (556,903)	$ (277,057)
Stock based compensation	41,051	17,251
Depreciation	70	72
Changes in operating assets and liabilities:		
Prepaid expenses	(9,462)	(14,785)
Other receivable	18,665	(767)
Accounts payable and accrued liabilities	105,427	105,397
Net cash used in operating activities	(401,152)	(169,889)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(867)
Net cash used in investing activities	-	(867)

CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	170,774	-
Collection from stock subscription	-	10,000
Advance from related party	3,686	9,951
Repayment to related party	(558)	(8,505)
Net cash provided by financing activities	173,902	11,446
Effects on changes in foreign exchange rate	4,900	(1,025)
Net decrease in cash and cash equivalents	(222,350)	(160,335)
Cash and cash equivalents - beginning of period	337,424	572,775
Cash and cash equivalents - end of period	$ 115,074	$ 412,440
Supplemental Cash Flow		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

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ARTELO BIOSCIENCES, INC.
Notes to the Unaudited Consolidated Financial Statements
For the Three Months Ended November 30, 2018

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 San Diego County, California. The accounting and reporting policies of the Company conform to accounting principles generally accepted ("GAAP") 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 fully owned subsidiaries in England and Wales, Trinity Reliant Ventures Limited, and Trinity Research & Development Limited. Operations in the subsidiaries have been consolidated in the financial statements.

The Company intends to license, develop and commercialize novel therapeutic treatments targeting the endocannabinoid system. To date, the Company's activities have primarily been limited to its formation, business development activities, sponsored research, 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 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 three months ended November 30, 2018 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, 2018 contained in the Company's Form 10-K filed on November 29, 2018.

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 November 30, 2018.

NOTE 3 - GOING CONCERN

The Company's financial statements are prepared using GAAP 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.

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.

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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 three months ended November 30, 2018, the Company had a net loss of $556,903. As at November 30, 2018, the Company had an accumulated deficit of $3,195,483 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 three months ended November 30, 2018, the president of the Company incurred $300 of expenses on behalf of the Company. The amount owed to the related party as of November 30, 2018 and August 31, 2018 is $2,502 and $2,202, respectively. The amounts are non-interest bearing and have no terms of repayment.

During the three months ended November 30, 2018, the former President, and current Senior Vice President, European Operations, who is a major shareholder, paid for expenses on behalf of the Company for a total of $3,386. The amount of $558 was repaid during the three months ended November 30, 2018. The amount owed to the related party as of November 30, 2018 and August 31, 2018 is $3,326 and $498, respectively. The amounts are non-interest bearing, and have no terms of repayment.

During the three months ended November 30, 2018, a company owned by the Senior Vice President, European Operations, who is a major shareholder, provided consulting services for $7,500. As of November 30, 2018, there is $2,500 outstanding.

NOTE 5 - EQUITY

Preferred shares

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

During the three months ended November 30, 2018, there were no issuances of preferred stock.

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 three months ended November 30, 2018, the Company received cash of $170,774 that has been recorded for the issuance of 227,727 shares of common stock at a price of $0.75 per Unit pursuant to a private placement offering conducted by the Company in relation to subscription agreements accepted in October, 2018. Each Unit consists of: (i) one (1) share of common stock; and (ii) one (1) Series D Stock Purchase Warrant to purchase one (1) share of common stock at a price of $1.75 per share for a period of 5 years from the issue date.

Warrants

In relation to the common stock related to subscription agreements in fiscal year 2019, 2018 and 2017, each individual investor received warrants with the purchase of the stock. For each share purchased, the investor will receive one Series A, Series B, Series C or Series D Common Stock Purchase Warrant to purchase one share of the Company's common stock for a period of five years from the date of the share subscription with ranges of prices from $1.00 per share to $1.75 per share.

As of November 30, 2018, there are 4,190,020 Common Stock Purchase Warrants outstanding and exercisable, with a weighted average life remaining of 4.03 years, and weighted average exercise price of $1.32. The intrinsic value of the warrants as of November 30, 2018 is $156,184.

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Stock Options

On August 17, 2018, the Company granted options to consultants to purchase an aggregate of 400,000 shares of our common stock at a price of $1.35 per share with various vesting schedules. The options expire on August 17, 2028, unless such consultant ceases his or her service as a consultant prior the exercise or expiration of the option. One consultant also serves as a director.

During the three months ended November 30, 2018, $28,051 was expensed, and as of November 30, 2018, $401,468 remains unamortized. The intrinsic value of the 400,000 options as of November 30, 2018 is $0, and the weighted average value of the remaining life of the options is $9.72.

During the three months ended November 30, 2018, the Company recorded $13,000 of stock compensation expense for five members of the Company's Board of Directors.

NOTE 6 – COMMITMENTS AND CONTENGENCIES

The Company has certain financial commitments in relation to Research and Development contracts. As of November 30, 2018:

- The Company is obligated to make two payments of $77,760 each on December 1, 2018, and March 1, 2019 for research and development. The December 1, 2018 payment has not yet been paid by the Company.
- The Company is obligated to make a two semi-annual payments totaling 115,000 GBP over the next year. Payments of $57,500 GBP are obligated to be made on October 5, 2018, and April 5, 2019. The October 5, 2018 payment has not yet been paid by the Company.
- The Company is invoiced monthly and quarterly in relation to several Research and Development contracts.
- The Company may be obligated to make additional payments related to Research and Development contracts entered into, dependent on the progress and milestones achieved through the programs.

NOTE 7– SUBSEQUENT EVENTS

Subsequent to November 30, 2018, the Company received cash of $789,500 that has been recorded for the issuance of 1,052,667 shares of common stock at a price of $0.75 per Unit pursuant to a private placement offering conducted by the Company in relation to subscription agreements accepted in October 2018.

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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 Artelo Biosciences, Inc., and our wholly owned subsidiaries, Trinity Reliant Ventures Limited, an Ireland corporation and Trinity Research & Development Limited, an England and Wales corporation, 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 April 3, 2017, Mr. Peter O’Brien resigned from 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 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 shares of common stock for a purchase price of $1,760.

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 two provisional patent applications, and any patent issued on such patent application, related to a combination product strategy to produce a synergy with cannabidiol which was previously assigned to Analog. We have discontinued development of the two provisional patents licensed from Analog.

On December 20, 2017, we entered into a license agreement with NEOMED (the "NEOMED Agreement"). The NEOMED Agreement, which has an effective date of January 2, 2018, provides our company with up to twelve months from the date of receipt by our company of the required materials to conduct certain non-clinical research studies, diligence and technical analyses with the Compound and an option for an exclusive worldwide license to develop and commercialize products comprising or containing the Compound. Pursuant to the terms of the NEOMED Agreement, within 30 days after the effective date of the NEOMED Agreement, NEOMED, without additional consideration and at its sole cost, delivered to our company certain technology transfer materials and the quantity of the Compound substance specified in a research plan, both as set out under the NEOMED Agreement. We will have one year from the date of receipt by our company of the required materials to exercise the option. Upon exercise of the option, NEOMED will provide our company with an exclusive worldwide license under all of NEOMED's intellectual property rights covering the Compound ("Licensed IP Rights") to research, develop, make, have made, use, offer for sale, sell, have sold and import products containing the Compound and otherwise exploit the Licensed IP Rights in all fields.

On January 18, 2018, we entered into a license agreement with the Research Foundation at Stony Brook University (the "Stony Brook Agreement") which became effective on that same date. The Stony Brook Agreement provides us with an exclusive license under certain licensed patents of the Foundation (the "Patent Rights") to develop, make, manufacture, have made, use, sell, have sold, import, export, and offer for sale Patent Product(s) (as defined in the Stony Brook Agreement) and Other Product(s) (as defined in the Stony Brook Agreement) worldwide in all fields, including without limitation the field of human therapeutics. The Agreement has an effective date of January 18, 2018 (the "Effective Date").

Pursuant to the Stony Brook Agreement, we will pay to the Foundation an upfront fee and annual License maintenance fees, beginning on the first anniversary of the Effective Date and annually thereafter on each anniversary of the Effective Date.

We will be required to pay a low-single digit royalty on net sales on any patent products (the "Royalties"). The Stony Brook Agreement provides for a reduction of the Royalties in certain cases.

Pursuant to the Stony Brook Agreement, we will also pay to the Foundation, beginning in the first calendar year of the first commercial sales, an annual minimum royalty fee (the "Annual Minimum Royalty"). The Annual Minimum Royalty will be credited against the total Royalties due for the calendar year in which the Annual Minimum Royalty.

Our company is focused on licensing, developing and commercializing treatments associated with the endocannabinoid system (the "ECS"). We plan to conduct research with our programs in accordance with traditional drug development standards and available to the general public via prescription or

physician orders after obtaining marketing authorization from a regulatory authority, such as the U.S. Food and Drug Administration (FDA).

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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 an ethical biopharmaceutical company focused on licensing, developing and commercializing treatments intended to modulate the endocannabinoid system (the "ECS").

The ECS encompassing cannabinoid receptors, endogenous receptor ligands (endocannabinoids) and their associated transporter mechanisms, as well as enzymes responsible for the synthesis and degradation of endocannabinoids has emerged as a promising target for pharmacotherapeutic approaches for numerous diseases.

Modulation of the ECS can be effected by using selective or non-selective agonists, partial agonists, inverse agonists, and antagonists of the cannabinoid receptors (CB1 and CB2). The actions of endogenous ligands can be enhanced or attenuated by targeting mechanisms that are associated with their transport within the cellular and extra cellular matrix (e.g. FABPs) as well as their synthesis (e.g. DAGL) and breakdown (e.g. FAAH). Small molecule chemical modulators of the ECS can either be derived from the cannabis plant (phytocannabinoids) or can be semi-synthetic derivatives of phytocannabinoids or endocannabinoids, or completely synthetic new chemical entities. Artelo has approaches within its current portfolio that address receptor binding and endocannabinoid transport modulation using both a synthetic composition of a naturally-occurring cannabinoid and new chemical entity approaches.

The ECS is a widespread modulatory system that plays important roles in central nervous system (CNS) development, synaptic plasticity, and the response to endogenous and environmental insults. The CB_1 receptor is distributed in brain areas associated with motor control, emotional responses, motivated behavior and energy homeostasis. In the periphery, CB_1 is ubiquitously expressed in the adipose tissue, pancreas, liver, GI tract, skeletal muscles, heart and the reproductive system. The CB_2 receptor is mainly expressed in the immune system where it has a role in regulating its functions and is upregulated in response to tissue stress or damage in most cell types. The ECS is therefore involved in pathophysiological conditions in both the central and peripheral tissues. Cannabis, extracts from cannabis, and federally-approved cannabinoid-based medicines are already used to treat numerous medical conditions. The ECS is further implicated in many disease states within the peer reviewed literature including conditions which involve the regulation of food intake, central nervous system, pain, cardiovascular, gastrointestinal, immune and inflammation, behavioral, antiproliferative and reproductive functions. These areas of ECS pathophysiology are aligned with our Company's therapeutic focus: pain, inflammation, anorexia, cardiovascular diseases, and cancer.

Results of Operations

The following summary of our results of operations, for the three months ended November 30, 2018 and 2017, 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, 2018, as included in Form 10-K filed with the SEC on November 29, 2018.

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 the capital required to execute our business.

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The following table provides selected financial data about our company as of November 30, 2018 and August 31, 2018.

Balance Sheet Data

	November 30, 2018	August 31, 2018
Cash	$ 115,074	$ 337,424
Total Assets	$ 165,363	$ 396,998
Total Liabilities	$ 640,527	$ 531,972
Stockholders' Equity (Deficit)	$ (475,164)	$ (134,974)

We have not generated any revenues since inception through November 30, 2018. The decrease in cash was primarily due to an increase in operating expenses offset by proceeds from stock issuance.

For the Three Months Ended November 30, 2018 Compared to the Three Months Ended November 30, 2017

	Three months ended November 30,	
	2018	2017
Operating Expenses		
General and administrative expense	$ 205,501	$ 136,564
Professional fees	167,293	107,345
Research and development	184,039	33,076
Depreciation	70	72
Total Operating Expenses	556,903	277,057
Net Loss	$ (556,903)	$ (277,057)

Our operating expenses, for the three months ended November 30, 2018 were $556,903 compared to $277,057 for the same period in 2017. The Company's operating expenses were primarily related to professional fees for ongoing regulatory requirements, research and development and general and administrative expenses.

Liquidity and Capital Resources

Working Capital

	November 30, 2018	August 31, 2018
Current Assets	$ 164,882	$ 396,435
Current Liabilities	640,527	531,972
Working Capital	$ (475,645)	$ (135,537)

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Cash Flows

	Nine Months Ended May 31,	
	2018	2017
Cash Flows used in operating activities	$ (401,152)	$ (169,889)
Cash Flows used in investing activities	-	(867)
Cash Flows provided by financing activities	173,902	11,446
Effects on changes in foreign exchange rate	4,900	(1,025)
Net decrease in cash during period	$ (222,350)	$ (160,335)

Cash Flow from Operating Activities

During the three months ended November 30, 2018, cash used in operating activities was $401,152 compared to cash used in operating activities of $169,899 during the period ended November 30, 2017. The cash used from operating activities was primarily attributed to net loss of $556,903 offset by stock based compensation of $41,051 and an increase in accounts payable and accrued liabilities of $105,427.

Cash Flow from Investing Activities

The company did not use any funds for investing activities during the three months ended November 30, 2018 and used $867 for investing activities during the three months ended November 30, 2017.

Cash Flow from Financing Activities

During the three months ended November 30, 2018, the company received $170,774 from the issuance of common shares, $3,686 as an advance from a related party and repaid $558 to a related party. During the three months ended November 30, 2017, the company received $9,951 as an advance from a related party, $10,000 the issuance of common shares and repaid $8,505 to a related party.

Going Concern

The Company's financial statements are prepared using GAAP 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.

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.

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.

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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

Disclosure Controls and Procedures

Our management, with the participation of our CEO (our principal executive officer, principal financial officer and principal accounting officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our CEO (our principal executive officer, principal financial officer and principal accounting officer) have concluded that as of such date, our disclosure controls and procedures were not effective such that the information relating to us required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) 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.

C*hanges 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 its 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 area 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

Investing in our common stock involves risk. Before making an investment in our common stock, you should carefully consider the risk factors discussed in Part I, Item 1A, "Risk Factors" of our Form 10-K for the year ended August 31, 2017. The risks described in the Form 10-K are those which we believe are the material risks we face, and such risks could materially adversely affect our business, prospects, financial condition, cash flows and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may impact us. Except as set forth below, there have been no material changes in our risk factors from those previously disclosed in the Form 10-K.

If we fail to comply with our obligations to our licensor in our intellectual property license, we could lose license rights that are important to our business.

We are a party to the NEOMED Agreement and the Stony Brook Agreement, and we may enter into additional license agreements in the future. Our existing license agreements impose, and we expect that any future license agreements will impose, various diligence, product payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, our licensors may have the right to terminate these agreements, in which event we might not be able to develop and market any product candidate that is covered by these agreements. Termination of these licenses or reduction or elimination of our licensed rights may result in our having to negotiate new or reinstated licenses with less favorable terms. The occurrence of such events could have a material adverse effect on our business, financial condition and results of operations.

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Even if we are successful in licensing or developing research programs and/or product candidates, we or our licensors must maintain the intellectual property.

Our future commercial success is significantly dependent on intellectual property related to any product candidates and technologies we may either acquire, license or develop internally. We intend to continue licensing technologies from pharmaceutical companies, biotechnology firms, or research institutions. In addition, based upon our own discovery research initiatives, we filed a patent application on December 10, 2018 on novel chemistry related to a novel solid form cannabinoid composition. We have not yet received any action on the application.

Our success depends in large part on our and our licensor's ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary technology and product candidates. In some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology or products that we license from third parties. Therefore, we cannot be certain that these patents and applications will be prosecuted and enforced in a manner consistent with the best interests of our business. In addition, if third parties who license patents to us fail to maintain such patents, or lose rights to those patents, the rights we have licensed may be reduced or eliminated.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our licensor's patent rights are highly uncertain. Our and our licensor's pending and future patent applications may not result in patents being issued which protect our technology or products or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. The laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our licensor were the first to make the inventions claimed in our owned and licensed patents or pending patent applications, or that we or our licensor were the first to file for patent protection of such inventions. Assuming the other requirements for patentability are met, the first to file a patent application is entitled to the patent. We may become involved in opposition or interference proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such proceeding could reduce the scope of, or invalidate our patent rights, allow third parties to commercialize our technology or product candidates and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize our product candidates without infringing third-party patent rights.

Even if any owned and/or licensed patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop or prevent us from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and product candidates. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

During the three months ended November 30, 2018, the Company received cash of $170,774 that has been recorded for the issuance of 227,727 shares of common stock at a price of $0.75 per Unit pursuant to a private placement offering conducted by the Company in relation to subscription agreements accepted in October, 2018. Each Unit consists of: (i) one (1) share of common stock; and (ii) one (1) Series D Stock Purchase Warrant to purchase one (1) share of common stock at a price of $1.75 per share for a period of 5 years from the issue date.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
(31)	**Rule 13a-14 (d)/15d-14d) Certifications**
31.1*	Section 302 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
(32)	**Section 1350 Certifications**
32.1*	Section 906 Certification by the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer
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

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** 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: January 14, 2019

/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)

EXHIBIT 31.1

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: January 14, 2019

/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)

EXHIBIT 32.1

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 November 30, 2018 (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: January 14, 2019

/*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.