

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

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

For the transition period from _____ to _____

Commission file number: **000-30415**

Zivo Bioscience, Inc.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

87-0699977

(IRS Employer Identification No.)

2804 Orchard Lake Rd., Suite 202, Keego Harbor, MI 48320

(Address of principal executive offices)

(248) 452 9866

(Issuer's telephone number)

Not Applicable

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

Indicate by checkmark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ST (Sec. 232.405) 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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company and "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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 issuer is a shell company (as defined in Rule 12-b2 of the Exchange Act).

Yes [] No [X]

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [] No []

APPLICABLE ONLY TO CORPORATE ISSUERS

There were 164,824,192 shares of common stock, \$0.001 par value, outstanding at August 13, 2018.

FORM 10-Q
ZIVO BIOSCIENCE, INC.
INDEX

	<u>Page</u>
PART I – FINANCIAL INFORMATION	4
Item 1. Condensed Consolidated Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
Item 4T. Controls and Procedures	25
PART II – OTHER INFORMATION	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 5. Other information	26
Item 6. Exhibits	26

(Inapplicable items have been omitted)

PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

**ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET**

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash	\$ 677,991	\$ 317,135
Prepaid Expenses	61,679	15,143
Total Current Assets	<u>739,670</u>	<u>332,278</u>
PROPERTY AND EQUIPMENT, NET		
	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>739,670</u>	\$ <u>332,278</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts Payable	\$ 450,412	\$ 541,710
Due to Related Party	521,834	475,834
Loans Payable, Related Parties	180,206	394,019
Convertible Debentures Payable, less unamortized discounts and debt issuance costs of \$3,624,436 and \$-0- at June 30, 2018 and December 31, 2017, respectively	15,747,403	1,490,000
Accrued Interest	2,667,843	1,649,240
Accrued Liabilities – Other	10,000	10,000
Total Current Liabilities	<u>19,577,698</u>	<u>4,560,803</u>
LONG TERM LIABILITIES:		
Convertible Debentures Payable, less unamortized discount and debt issuance costs of \$-0- and \$4,335,873 at June 30, 2018 and December 31, 2017, respectively	-	12,075,967
Total Long Term Liabilities	<u>-</u>	<u>12,075,967</u>
TOTAL LIABILITIES	<u>19,577,698</u>	<u>16,636,770</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Common stock, \$.001 par value, 700,000,000 shares authorized; 160,324,192 and 141,106,061 issued and outstanding at June 30, 2018 and December 31, 2017	160,325	141,107
Additional Paid-In Capital	52,233,284	47,366,814
Accumulated deficit	<u>(71,231,637)</u>	<u>(63,812,413)</u>
Total Stockholders' Deficit	<u>(18,838,028)</u>	<u>(16,304,492)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ <u>739,670</u>	\$ <u>332,278</u>

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

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three Months ended June 30, 2018	For the three Months ended June 30, 2017	For the six Months ended June 30, 2018	For the six Months ended June 30, 2017
REVENUES:	\$	-	-	-
COSTS AND EXPENSES:				
General and Administrative	307,330	222,230	639,315	428,571
Professional fees and Consulting expense	253,836	163,703	677,963	439,614
Research and Development	773,991	495,516	1,701,106	804,536
Total Costs and Expenses	1,335,157	881,449	3,018,384	1,672,721
LOSS FROM OPERATIONS	(1,335,157)	(881,449)	(3,018,384)	(1,672,721)
OTHER INCOME (EXPENSE):				
Loss on Extinguishment of Debt	-	-	-	(406,482)
Amortization of Debt Discount	(147,920)	(106,468)	(242,673)	(306,008)
Financing Costs	(54,000)	-	(81,000)	(54,000)
Finance costs paid in stock and warrants	(36,000)	-	(300,496)	(36,000)
Interest expense	(34,976)	(68,879)	(69,950)	(69,479)
Interest expense – related parties	(1,964,998)	(370,683)	(3,706,722)	(745,088)
Total Other Income (Expense)	(2,237,894)	(546,030)	(4,400,841)	(1,617,057)
NET LOSS	\$ (3,573,051)	\$ (1,427,479)	\$ (7,419,225)	\$ (3,289,778)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.01)	\$ (0.05)	\$ (0.02)
WEIGHTED AVERAGE BASIC AND DILUTED SHARES OUTSTANDING	151,870,383	138,949,468	146,545,803	137,886,645

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

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months Ended June 30, 2018	For the Six Months Ended June 30, 2017
	<u> </u>	<u> </u>
Cash Flows for Operating Activities:		
Net Loss	\$ (7,419,225)	\$ (3,289,778)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock and warrants issued for services rendered – related party	173,815	7,601
Stock and warrants issued for services rendered	364,918	203,586
Loss on Extinguishment of Debt	-	406,482
Stock and warrants issued for financing costs	300,496	36,000
Amortization of debt issuance costs (interest expense – related parties)	2,748,838	56,233
Amortization of bond discount	242,673	306,008
Depreciation expense	-	12,500
Changes in assets and liabilities:		
(Increase) in prepaid expenses	(46,536)	(19,760)
Increase (Decrease) in accounts payable	(91,300)	93,778
Increase in due to related party	46,000	54,000
Increase in accrued liabilities and interest	1,027,835	480,572
Net Cash (Used) by Operating Activities	<u>(2,652,486)</u>	<u>(1,652,778)</u>
Cash Flows from Investing Activities:	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Cash Flow from Financing Activities:		
Proceeds from (payments of) Loan Payable, related party	(213,813)	170,000
Debt issuance costs	(106,658)	-
Proceeds from issuance of 11% convertible debentures	1,500,000	1,000,000
Proceeds from sales of common stock	1,833,813	-
Net Cash Provided by Financing Activities	<u>3,013,342</u>	<u>1,170,000</u>
Increase (Decrease) in Cash	360,856	(482,778)
Cash at Beginning of Period	<u>317,135</u>	<u>506,986</u>
Cash at End of Period	<u>\$ 677,991</u>	<u>\$ 24,208</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -

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

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Supplemental Disclosure of Non-Cash Investing and Financing Activities:

Six Months Ended June 30, 2018:

During the quarter ended March 31, 2018, the Company recorded \$43,520 of discounts on the issuance of \$500,000 of 11% convertible debentures.

During the quarter ended June 30, 2018, the Company recorded \$576,396 of discounts on the issuance of \$1,000,000 of 11% convertible debentures.

During the quarter ended June 30, 2018, \$30,000 of 11% Convertible Notes – Related Party as well as \$9,231 in related accrued interest were converted at \$.10 per share into 392,310 shares of the Company's common stock.

During the quarter ended June 30, 2018, warrants to purchase 30,000,000 shares of the Company's common stock at \$.10 valued at \$3,592,949 were issued. Of the \$3,592,949 in costs, \$2,039,448, representing that amount attributable to the sale of common stock, were recorded as a reduction to Additional Paid In Capital and \$1,553,501, representing the amount attributable to the issuance of 11% convertible debenture, were recorded as Debt Issuance Costs.

Six Months Ended June 30, 2017:

During the quarter ended March 31, 2017, the Company recorded \$70,388 in discounts on 11% convertible debentures.

During the quarter ended March 31, 2017, the Company recorded a \$600,000 debt discount for a restructuring fee related to the debt extinguishment.

During the quarter ended March 31, 2017, the Company reclassified \$2,694,639 in Accrued Interest to 11% Convertible Debentures owed to a related party.

During the quarter ended March 31, 2017, the Company issued 250,000 shares of its common stock valued at \$22,500 in payment of an accrued liability.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Zivo Bioscience, Inc. and its wholly-owned subsidiaries (collectively, the “Company”). All significant intercompany accounts and transactions have been eliminated in consolidation. In the opinion of the Company’s management, the financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These consolidated financial statements are condensed, and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s December 31, 2017 consolidated audited financial statements and Notes thereto included in the Annual Report on Form 10-K filed with the SEC on February 21, 2018.

The results of operations for the six months ended June 30, 2018 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2018, or any other period.

The Company incurred a net loss of \$7,419,225 for the six months ended June 30, 2018. In addition, the Company had a working capital deficiency of \$18,838,028 and a stockholders’ deficit of \$18,838,028 at June 30, 2018. These factors continue to raise substantial doubt about the Company’s ability to continue as a going concern. During the six months ended June 30, 2018, the Company raised \$1,833,813 from the issuance of common stock and \$1,500,000 from the issuance of convertible debentures. There can be no assurance that the Company will be able to raise additional capital.

The accompanying unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Zivo Bioscience, Inc. and its wholly-owned subsidiaries, Health Enhancement Corporation, HEPI Pharmaceuticals, Inc., WellMetris, LLC, and Zivo Biologic, Inc. All significant intercompany transactions and accounts have been eliminated in consolidation.

Accounting Estimates

The Company’s condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management uses its best judgment in valuing these estimates and may, as warranted, solicit external professional advice and other assumptions believed to be reasonable.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. Cash equivalents consist of highly liquid investments with an original maturity of three months or less when purchased. At June 30, 2018, the Company did not have any cash equivalents.

Property and Equipment

Property and equipment consists of furniture and office equipment and are carried at cost less allowances for depreciation and amortization. Depreciation and amortization is determined by using the straight-line method over the estimated useful lives of the related assets. Repair and maintenance costs that do not improve service potential or extend the economic life of an existing fixed asset are expensed as incurred.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Debt Issuance Costs

The Company follows authoritative guidance for accounting for financing costs (as amended) as it relates to convertible debt issuance cost. These costs are deferred and amortized over the term of the debt period or until redemption of the convertible debentures. Debt Issuance Costs are reported on the balance sheet as a direct deduction from the face amount of the related notes. Amortization of debt issuance costs amounted to \$2,748,838 and \$56,233 for the six months ended June 30, 2018 and 2017, respectively.

Revenue Recognition

We will recognize net product revenue when the earnings process is complete, and the risks and rewards of product ownership have transferred to our customers, as evidenced by the existence of an agreement, delivery having occurred, pricing being deemed fixed, and collection being considered probable. We record pricing allowances, including discounts based on contractual arrangements with customers, when we recognize revenue as a reduction to both accounts receivable and net revenue.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred. For the six months ended June 30, 2018 and 2017, no shipping and handling costs were incurred.

Research and Development

Research and development costs are expensed as incurred. The majority of the Company's research and development costs consist of clinical study expenses. These consist of fees, charges, and related expenses incurred in the conduct of clinical studies conducted with Company products by independent outside contractors. External clinical studies expenses were approximately \$1,701,000 and \$805,000 for the six months ended June 30, 2018 and 2017, respectively.

Stock Based Compensation

We account for stock-based compensation in accordance with FASB ASC 718, *Compensation – Stock Compensation*. Under the provisions of FASB ASC 718, stock-based compensation cost is estimated at the grant date based on the award's fair value and is recognized as expense over the requisite service period. The Company generally issues grants to its employees, consultants and board members. At the date of grant, the Company determines the fair value of the stock option award and recognizes compensation expense over the requisite service period. The fair value of the stock option or warrant award is calculated using the Black Scholes option pricing model.

During the six months ended June 30, 2018 and 2017, warrants were granted to employees and consultants of the Company. As a result of these grants, the Company recorded compensation expense of \$538,733 and \$79,937 for these periods, respectively.

The fair value of warrants was estimated on the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	Six Months Ended June 30,	
	2018	2017
Expected volatility	174.51% to 177.09%	175.05% to 176.74%
Expected dividends	0%	0%
Expected term	5 years	5 years
Risk free rate	2.36% to 2.94%	1.78% to 1.93%

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee warrants have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models may not necessarily provide a reliable single measure of the fair value of the warrants.

Loss Per Share

Basic loss per share is computed by dividing the Company's net loss by the weighted average number of common shares outstanding during the period presented. Diluted loss per share is based on the treasury stock method and includes the effect from potential issuance of common stock such as shares issuable pursuant to the exercise of warrants and conversions of debentures. Potentially dilutive securities as June 30, 2018, consisted of 220,738,599 common shares issuable upon the conversion of convertible debentures and related accrued interest and 161,874,134 common shares issuable upon the exercise of outstanding warrants. Potentially dilutive securities as of June 30, 2017, consisted of 157,280,170 common shares issuable upon the conversion of convertible debentures and related accrued interest and 32,950,795 common shares issuable upon the exercise of outstanding warrants. For the six months ended June 30, 2018 and 2017 diluted and basic weighted average shares are the same, as potentially dilutive shares are anti-dilutive.

Advertising

Advertising costs are charged to operations when incurred. There were no advertising costs for the six months ended June 30, 2018 and 2017.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company, from time to time, maintains cash balances at financial institutions which exceed the current Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000.

Reclassifications

Certain items in these consolidated financial statements have been reclassified to conform to the current period presentation.

Future Impact of Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 (ASU 2014-09), "*Revenue from Contracts with Customers*." ASU 2014-09 superseded the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue when it transfers promised goods or services to customers in an amount that reflect the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption is not permitted. Historically the Company has had no revenues. The Company has not determined the impact of adopting ASU 2014-09.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, to require lessees to recognize all leases, with certain exceptions, on the balance sheet, while recognition on the statement of operations will remain similar to current lease accounting. The ASU also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. The ASU is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. We currently expect to adopt the ASU on January 1, 2019. We will be required to recognize and measure leases existing at, or entered into after, the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available. We intend to elect the available practical expedients upon adoption. Upon adoption, we expect the consolidated balance sheet to include a right of use asset and liability related to substantially all of our lease arrangements. We are continuing to assess the impact of adopting the ASU on our financial position, results of operations and related disclosures and have not yet concluded whether the effect on the consolidated financial statements will be material.

Management does not believe there would have been a material effect on the accompanying financial statements had any other recently issued, but not yet effective, accounting standards been adopted in the current period.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and December 31, 2017 consisted of the following:

	June 30, 2017	December 31, 2016
	(Unaudited)	
Furniture and fixtures	\$ 20,000	\$ 20,000
Equipment	80,000	80,000
	100,000	100,000
Less accumulated depreciation and amortization	(100,000)	(100,000)
	\$ -	\$ -

Depreciation and amortization was \$-0- and \$12,500 for the six months ended June 30, 2018 and 2017 respectively.

NOTE 4 – DUE TO RELATED PARTY

As of June 30, 2018 and December 31, 2017, the Company owed HEP Investments, LLC, a related party, cumulative balances of \$521,834 and \$475,834, respectively. The basis for the payable is a 5.4% cash finance fee for monies invested in the Company in the form of convertible debt (see Note 6). For six months ended June 30, 2018 and 2017, the Company incurred finance costs related to these transactions of \$81,000 and \$54,000, respectively.

NOTE 5 – LOAN PAYABLE, RELATED PARTIES

Christopher Maggiore

As of December 31, 2017, and June 30, 2018, Mr. Christopher Maggiore, a director and a significant shareholder of the Company, had a cumulative balance of funds loaned to the Company of \$176,405 and \$176,405, respectively. The Company has agreed to pay 11% interest on this loan.

During the six months ended June 30, 2018, Mr. Maggiore advanced an additional \$500,000 to the Company, and on May 1, 2018, he used \$500,000 of his loan balance to fund the cash purchase of 5,000,000 units of the Company at \$.10 per unit. Each unit consisted of share of common stock and warrants to purchase 20% of one share of common stock (1,000,000 warrants).

As of June 30, 2018, and June 30, 2017, accrued interest on the outstanding indebtedness totaled \$95,083 and \$53,113, respectively.

HEP Investments, LLC

In addition to amounts owed to HEP Investments pursuant for Due to Related Party (see Note 4) and Convertible Debt (see Note 6), as of January 1, 2017, the Company owed HEP Investments \$69,574. During the year ended December 31, 2017, HEP Investments loaned the Company an additional \$4,148,040. Pursuant to the terms of the agreement with HEP Investments, \$4,000,000 of these loans were recorded as 11% Convertible Secured Promissory Notes, leaving a remaining balance of \$217,614 as of December 31, 2017.

During the six months ended June 30, 2018, HEP Investments loaned the Company \$1,286,187 (see Note 6 - Convertible Debt). Pursuant to the terms of our agreement with HEP Investments, \$1,500,000 of these loans were converted to 11% Convertible Secured Promissory Notes, leaving a remaining balance of \$3,801 as of June 30, 2018.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE DEBT

HEP Investments, LLC

On December 2, 2011, the Company and HEP Investments, LLC, a Michigan limited liability company (“Lender”), entered into the following documents, effective as of December 1, 2011, as amended through March 1, 2017: (i) a Loan Agreement under which the Lender has agreed to advance up to \$17,500,000 to the Company, subject to certain conditions, and (ii) a Convertible Secured Promissory Note in the principal amount of \$17,500,000 (“Note”) (of which \$16,911,839 has been advanced as of March 31, 2018) and (iii) a Security Agreement, under which the Company granted the Lender a security interest in all of its assets and (iv) issue the Lender warrants to purchase 1,666,667 shares of common stock at an exercise price of \$.12 per share (including a cashless exercise provision) which expired September 30, 2016 (from the original December 1, 2011 agreement), (v) enter into a Registration Rights Agreement with respect to all the shares of common stock issuable to the Lender in connection with the Loan transaction, in each case subject to completion of funding of the full \$2,000,000 called for by the Loan Agreement, and (vi) an Intellectual Property security agreement under which the Company and its subsidiaries granted the Lender a security interest in all their respective intellectual properties, including patents, in order to secure their respective obligations to the Lender under the Note and related documents. In addition, the Company’s subsidiaries have guaranteed the Company’s obligations under the Note. The Company has also made certain agreements with the Lender which shall remain in effect as long as any amount is outstanding under the Loan. These agreements include an agreement not to make any change in the Company’s senior management, without the prior written consent of the Lender. Two representatives of the Lender will have the right to attend Board of Director meetings as non-voting observers.

In the March 1, 2017 agreements, the Company and HEP Investments (“Lender”), also entered into the following documents: (i) Eighth Amendment to Loan Agreement under which the Lender has agreed to advance up to a total of \$17,500,000 to the Company, subject to certain conditions, and (ii) a Ninth Amended and Restated Senior Secured Convertible Promissory Note. The Eighth Amendment to Loan Agreement amends and restates the Seventh Amendment to Loan Agreement, which was entered into with the Lender on December 31, 2015 and disclosed in the Company’s Form 8-K Current Report filed on January 7, 2016. The Ninth Amended and Restated Senior Secured Convertible Promissory Note resets the total outstanding debt as of March 1, 2017 and provides for a maturity date of September 30, 2018. The total outstanding debt as of March 1, 2017 was \$12,721,839. The amount includes unpaid principal of \$9,147,200, interest outstanding as of February 28, 2017 of \$2,694,639 and restructuring and legal fees of \$600,000. The Company recorded a debt discount of \$600,000 related to the restructuring of the \$12,441,839, 11% convertible note on March 1, 2017. The stated rate of the new debt was unchanged from the previous debt agreement and the estimated fair value of the new debt approximates its carrying amount (principal plus accrued interest at the date of the modification). In accordance with FASB ASC 470-60 “Debt-Troubled Debt Restructurings by Debtors,” the Company recorded a “Loss on Extinguishment of Debt” on March 1, 2017 of \$406,482 which represented the remaining unamortized discount as of March 1, 2017.

The Company, as consideration for the extension of the maturity date to September 30, 2018, agreed to change the conversion price of the \$12,441,839 Convertible Promissory Note from conversion prices ranging from \$.10 to \$.30 per share to \$.10 per share.

During the six months ended June 30, 2017, the Company recorded debt discounts, related to \$1,000,000 of Notes in the amount of \$70,388, to reflect the relative fair value of the related warrants pursuant to "FASB ASC 470-20-30 – Debt with Conversion and Other Options: Beneficial Conversion Features" as a reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. The \$1,000,000 of Notes are convertible at \$.10 per share. The Company is amortizing the debt discount over the term of the debt. Amortization of the debt discounts was \$306,008 for the six months ended June 30, 2017.

On March 3, 2017, as a result of the settlement of litigation with a shareholder, HEP Investments agreed to reduce the principal due to the Lender by \$280,000 (see Note 10).

On July 14, 2017, the Lender converted \$30,000 of the debt into 300,000 shares of the Company’s common stock (at \$.10 per share).

On July 19, 2017, the Board of Directors approved the issuance to Lender of a warrant to purchase 50 million shares of common stock at an exercise price of \$.10 for a term of five years on the basis of \$2.5 million funding through the 11% convertible note (at a conversion price of \$.10). This warrant is in addition to 10% warrant coverage (five-year term) provided to Lender in connection with investments in convertible debt pursuant to existing agreements. The warrant was issued on November 20, 2017 as the related funding was complete. The warrant has a cashless exercise provision. The warrants were valued at \$4,274,761 using the Black Scholes pricing model relying on the following assumptions: volatility 175.10%; annual rate of dividends 0%; discount rate 2.09%.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE DEBT (continued)

In an agreement dated July 21, 2017 (“Participation Agreement”) between Lender and Strome Mezzanine Fund LP (“Participant”), the Participant agreed to fund a total of \$1.5 million (“the committed funding”), through the Lender’s 11% convertible note (at a conversion price of \$.10). The Company also agreed to a “Right of First Refusal” (ROFR) with the Participant. The Company would give the Participant the ROFR to invest funds into the Company on the same terms and conditions (“Right of Participation”) as negotiated by the Company with a third party, provided that the Right of Participation must be exercised within 10 days. Certain exclusions apply relating to the committed funding from parties unrelated to the Participant. This ROFR terminates on the third (3) anniversary of the Agreement. The Participant has an agreement with the Lender that upon the funding of the Participant’s \$1.5 million by November 20, 2017, the Lender would allocate a portion (50%) of the warrant to purchase 50 million shares of common stock at a conversion price of \$.10 issued to the Participant on the \$2.5 million funding through the 11% convertible note as discussed above. On July 24, 2017 the Lender funded \$1,000,000 of the \$2.5 million (of which \$500,000 is from the Lender and \$500,000 is from the Participant). Due to this additional funding, the Company issued to the Lender a \$1,000,000, 11% convertible note (at a conversion price of \$.10) and warrants to purchase 1,000,000 shares of common stock, at a conversion price of \$.10 for a term of five years. On September 25, 2017 the Lender funded an additional \$1,000,000 of the \$2.5 million (of which \$500,000 is from the Lender and \$500,000 is from the Participant). Due to this additional funding, the Company issued to the Lender a \$1,000,000, 11% convertible note (at a conversion price of \$.10) and warrants to purchase 1,000,000 shares of common stock, at a conversion price of \$.10 for a term of five years.

During the year ended December 31, 2017, the Company recorded debt discounts, related to \$4,000,000 of Notes in the amount of \$264,826 to reflect the relative fair value of the related warrants pursuant to "FASB ASC 470-20-30 – Debt with Conversion and Other Options: Beneficial Conversion Features" as a reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. The relative fair value of the debt discounts of \$264,826 were calculated using the Black Scholes pricing model relying on the following assumptions: volatility 175.08 to 176.97%; annual rate of dividends 0%; discount rate 1.63% to 2.09%. The \$4,000,000 of Notes are convertible at \$.10 per share. The Company is amortizing the debt discount over the term of the debt. Amortization of the debt discounts were \$574,716 for the year ended December 31, 2017.

On October 18, 2017 the Company, Lender and Participant entered into an Amended and Restated Registration Rights Agreement (“Amended Agreement”). The Company and Lender are party to that certain Registration Rights Agreement, dated December 1, 2011 (“Original Agreement”) (filed as Exhibit 10.10 filed with the Company’s 2011 Form 10-K filed on March 30, 2012). In the Funding Agreement (dated July 21, 2017) between Lender and Participant, the Participant agreed to fund a total of \$1.5 million through the Lender’s 11% convertible note (at a conversion price of \$.10).

On January 31, 2018, the Company and HEP Investments, LLC (“Lender”), entered into the following documents, effective as of January 31, 2018: (i) Ninth Amendment to Loan Agreement under which the Lender has agreed to advance up to a total of \$17,500,000 to the Company, subject to certain conditions, and (ii) a Tenth Amended and Restated Senior Secured Convertible Promissory Note. The Ninth Amendment to Loan Agreement amends and restates the Eighth Amendment to Loan Agreement, which was entered into with the Lender on March 1, 2017 and disclosed in the Company’s Form 8-K Current Report filed on March 6, 2017. The Tenth Amended and Restated Senior Secured Convertible Promissory Note extends the maturity date for all convertible debt due to HEP Investments to April 1, 2019, including the payment of any interest due and owing at that time. In consideration for extending the maturity date of the Loan to April 1, 2019 in accordance with the Tenth Amended and Restated Senior Convertible Promissory Note, the Company agreed to issue to the Lender warrants to purchase 3,250,000 shares of common stock at an exercise price of \$.10 with a term of 5 years. The warrants were valued at \$246,496 using the Black Scholes pricing model relying on the following assumptions: volatility 175.81%; annual rate of dividends 0%; discount rate 2.41%. The Company determined that the modification of these Notes was not a substantial modification in accordance with ASC 470-50, “Modifications and Extinguishments.”

On April 30, 2018, the Board of Directors approved the issuance to Lender of a warrant to purchase 50 million shares of common stock at an exercise price of \$.10 for a term of five years on the basis of \$4 million funding through a combination of sales of common stock and the issuances of 11% convertible notes (at a conversion price of \$.10) to HEP Investments. This warrant is in addition to 10% warrant coverage (five-year term) provided to Lender in connection with investments in convertible debt pursuant to existing agreements. A warrant for 25 million shares of common stock at an exercise price of \$.10 for a term of five years was issued on June 6, 2018 as \$2 million of the related \$4 million funding was complete. A portion of the warrant has a cashless exercise provision. The related issued warrants were valued at \$3,116,485 using the Black Scholes pricing model relying on the following assumptions: volatility 175.02%; annual rate of dividends 0%; discount rate 2.77%. The Company recorded \$2,039,448 of these costs, which represents the amount attributable to the sale of common stock, as a reduction to additional paid-in-capital and \$1,077,037 was recorded as a Debt Issuance Cost on the Company’s Balance Sheet as a direct deduction of 11% convertible notes payable.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE DEBT (continued)

On June 6, 2018 the Lender and Strome Mezzanine Fund LP and Strome Alpha Fund LP (“Participant”) entered into the First Amended and Restated Participation Agreement (amending the June 17, 2017 agreement) whereby the Participant agreed to fund a total of \$691,187 (“the committed funding”), through the Lender’s 11% convertible note (at a conversion price of \$.10). The Company also agreed to a “Right of First Refusal” (ROFR) with the Participant. The Company would give the Participant the ROFR to invest funds into the Company on the same terms and conditions (“Right of Participation”) as negotiated by the Company with a third party, provided that the Right of Participation must be exercised within 10 days. Certain exclusions apply relating to the committed funding from parties unrelated to the Participant. This ROFR terminates on the third (3) anniversary of the Agreement. The Participant has an agreement with the Lender and the Company, that upon the funding of the Participant’s full \$2 million (\$1,308,813 through the purchase of common stock from the Company and \$691,187 through the purchase of HEP Investments’ 11% convertible note (at a conversion price of \$.10)), a warrant for 25 million shares of common stock at an exercise price of \$.10 for a term of five years would be allocated from the warrant for 50 million shares of common stock authorized in the April 30, 2018 Board of Directors Resolution. The total funding of \$2 million was achieved on June 6, 2018.

On May 12, 2018, the Lender converted \$30,000 of the debt and \$9,231 of accrued interest into 392,310 shares of the Company’s common stock (at \$.10 per share).

On May 16, 2018, the Company and HEP Investments, LLC (“Lender”), entered into the following documents, effective as of May 16, 2018: (i) Tenth Amendment to Loan Agreement under which the Lender has agreed to advance up to a total of \$20,000,000 to the Company, subject to certain conditions, and (ii) an Eleventh Amended and Restated Senior Secured Convertible Promissory Note. The Tenth Amendment to Loan Agreement amends and restates the Ninth Amendment to Loan Agreement, which was entered into with the Lender on January 31, 2018 and disclosed in the Company’s Form 8-K Current Report filed on May 18, 2018. The Eleventh Amended and Restated Senior Secured Convertible Promissory Note increased amount that the Lender can advance to \$20,000,000. In consideration for increasing the advance amount to \$20,000,000 in accordance with the Eleventh Amended and Restated Senior Convertible Promissory Note, the Company the Company agreed to issue to the Lender warrants to purchase 5,000,000 shares of common stock at an exercise price of \$.10 with a term of 5 years. The warrants were valued at \$476,464 using the Black Scholes pricing model relying on the following assumptions: volatility 174.80%; annual rate of dividends 0%; discount rate 2.94%. The Company determined that the modification of these Notes was not a substantial modification in accordance with ASC 470-50, “Modifications and Extinguishments.”

During the quarter ended March 31, 2018 the Company issued \$500,000 of 11% Convertible Debt and recorded a debt discount of \$43,520, to reflect the relative fair value of the related warrants pursuant to "FASB ASC 470-20-30 – Debt with Conversion and Other Options: Beneficial Conversion Features" as a reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. The relative fair value of the warrants were calculated using the Black Scholes pricing model relying on the following assumptions: volatility 175.49 to 176.05%; annual rate of dividends 0%; discount rate 2.09% to 2.57% and debt discounts of \$43,520 were recorded.

During the quarter ended June 30, 2018 the Company issued \$1,000,000 of 11% Convertible Debt and recorded debt discounts of \$576,396, to reflect the relative fair value of the related warrants pursuant to "FASB ASC 470-20-30 – Debt with Conversion and Other Options: Beneficial Conversion Features" (ASC 470-20) as a reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. In accordance with ASC 470-20, the Company valued the beneficial conversion feature and recorded the amount of \$470,709 as a reduction to the carrying amount of the convertible debt and as an addition to paid-in capital. Additionally, the relative fair value of the warrants was calculated and recorded at \$105,687 as a further reduction to the carrying amount of the convertible debt and an addition to additional paid-in capital. The Company is amortizing the debt discount over the term of the debt. The relative fair value of the debt discounts of \$576,396 were calculated using the Black Scholes pricing model relying on the following assumptions: volatility 174.59 to 175.64%; annual rate of dividends 0%; discount rate 2.77% to 2.81%

The Company is amortizing the debt discount over the term of the debt. Amortization of the debt discounts were \$242,673 for the six months ended June 30, 2018.

As of June 30, 2018, the total shares of common stock, if the Lender converted the complete \$17,881,839 of convertible debt and the related accrued interest of \$2,245,933, would be 201,277,720 shares, not including any future interest charges which may be converted into common stock.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – CONVERTIBLE DEBT (continued)

The Company has agreed to pay a closing fee of 9% in connection with the Loan transaction (as funding levels are achieved), consisting of 5.4% in cash and 3.6% paid in shares of common stock valued at various amounts based on the timing of the funding and the related stock price.

Paulson Investment Company, LLC - Related Debt

On August 24, 2016, the Company entered into a Placement Agent Agreement with Paulson Investment Company, LLC (Paulson). This agreement provides that Paulson can provide up to \$2 million in financings through “accredited investors” (as defined by Regulation D of the Securities Act of 1933, as amended). As of December 31, 2016, the Company received funding of \$1,250,000 through seven (7) individual loans (the “New Lenders”). Each loan includes a (i) a Loan Agreement relating to the individual loan, (ii) a Convertible Secured Promissory Note (“New Lenders Notes”) in the principal amount of the loan, (iii) a Security Agreement under which the Company granted the Lender a security interest in all of its assets and (iv) an Intercreditor Agreement with HEP Investments, LLC (HEP) whereby HEP and the New Lenders agree to participate in all collateral a *pari passu* basis. The loans have a two-year term and mature in September 2018 (\$600,000) and October 2018 (\$650,000). Paulson received a 10% cash finance fee for monies invested in the Company in the form of convertible debt, along with 5 year, \$.10 warrants equal to 15% of the number of common shares for which the debt is convertible into at \$.10 per share.

The New Lenders Notes are convertible into the Company’s common stock at \$.10 per share and bear interest at the rate of 11% per annum. The New Lenders Notes must be repaid as follows: accrued interest must be paid on the first and second anniversary of the Note and unpaid principal not previously converted into common stock must be repaid on the second anniversary of the Note. The Company has not received any notice of default.

Other Debt

In September 2014, the Lender agreed to rolling 30 day extensions until notice is given to the Company to the contrary. The Company determined that the modification of these Notes was not a substantial modification in accordance with ASC 470-50, “Modifications and Extinguishments.”

Convertible debt consists of the following:

	June 30, 2018	December 31, 2017
	(Unaudited)	
1% Convertible notes payable, due August 2018	\$ 240,000	\$ 240,000
11% Convertible note payable – HEP Investments, a related party, net of unamortized discount and debt issuance costs of \$3,624,436 and \$4,335,873 at June 30, 2018 and December 31, 2017, respectively, due April 1, 2019 (September 30, 2018 at December 31, 2017).	14,257,403	12,075,967
11% Convertible note payable – New Lenders; placed by Paulson, due at various dates ranging from September 2018 to October 2018	1,250,000	1,250,000
	15,747,403	13,565,967
Less: Current portion	15,747,403	1,490,000
Long term portion	\$ -	\$ 12,075,967

As of June 30, 2018, the reductions to Notes Payable of \$3,624,436 consisted of, unamortized discounts of \$835,314 and debt issuance costs of \$2,789,122. As of December 31, 2017, the reductions of Notes Payable of \$4,335,873 consisted of unamortized discounts of \$458,072 and debt issuance costs of \$3,877,801.

Amortization of debt discounts was \$242,673 and \$306,008 for the six months ended June 30, 2018 and 2017, respectively.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - STOCKHOLDERS' DEFICIT

Board of Directors fees

The Company recorded directors' fees of \$20,000 and \$20,000 during the six months ended June 30, 2018 and 2017, representing the cash fees.

Stock Based Compensation

On April 18, 2017, the Company entered into a Limited License Agreement ("License Agreement") with NutriQuest, LLC ("NutriQuest"), as disclosed in a Form 8-K filed on April 26, 2017. Pursuant to the agreement, the Company issued NutriQuest warrants to purchase 687,227 shares of common stock valued at \$39,189 using the Black Scholes pricing model relying on the following assumptions: volatility 175.75%; annual rate of dividends 0%; discount rate 1.78%. The warrants are exercisable at \$.08 per share and expire five (5) years from the date of issuance. The License Agreement provides that the Company is obligated to pay a termination fee to NutriQuest if the parties are unable to agree upon quality and volume delivered standards.

During the six months ended June 30, 2017, the Company issued warrants to purchase 500,000 shares of common stock at an exercise price of \$.10 with a term of 5 years pursuant to an agreement with a financial consultant at an exercise price of \$.10 with a term of 5 years. The warrants were valued at \$33,148 using the Black Scholes pricing model relying on the following assumptions: volatility 175.05%; annual rate of dividends 0%; discount rate 1.87%.

During the six months ended June 30, 2018, pursuant to Board of Directors authorization, the Company issued warrants to purchase 1,000,000 shares of common stock at an exercise price of \$.11 with a term of 5 years to a consultant (Executive Director of Asia Operations – see Note 9 – Related Party Transactions). The warrants were valued at \$163,798 using the Black Scholes pricing model relying on the following assumptions: volatility 176.10%; annual rate of dividends 0%; discount rate 2.77%. Further, the Company issued warrants to purchase 2,326,504 shares of common stock at an exercise price of \$.11 with a term of 5 years to an investment banker. The warrants were valued at \$245,040 using the Black Scholes pricing model relying on the following assumptions: volatility 177.09%; annual rate of dividends 0%; discount rate 2.69%.

Stock Issuances

During the six months ended June 30, 2017, in connection with the issuance of \$1,000,000 in principal of 11% Convertible Debenture the Company issued to HEP Investments, a related party, 450,000 shares of common stock valued at \$36,000 and a five-year warrant to purchase 1,000,000 shares of common stock at an exercise price of \$.10 per share. The Company also issued 250,000 shares of common stock valued at \$22,500 as discussed in Note 10 - Settlement of Litigation – Related Party.

During the six months ended June 30, 2018, in connection with the issuance of \$1,500,000 in principal of 11% Convertible Debenture the Company issued to HEP Investments, a related party, 487,692 shares of common stock valued at \$54,000 and a five-year warrant to purchase 1,500,000 shares of common stock at an exercise price of \$.10 per share. The Company received proceeds of \$1,833,813 from the issuance of 18,338,129 shares of common stock.

Executive Compensation

As compensation for serving as Chief Financial Officer, the Company, quarterly, issues warrants to purchase 50,000 shares of common stock to Philip M. Rice at the prevailing market price with a term of 5 years, provided that the preceding quarterly and annual filings were submitted in a timely and compliant manner, at which time such warrants would vest.

On March 31, 2017, the Company issued warrants to purchase 50,000 shares of common stock at \$.08. The warrants were valued at \$3,317 using the Black Scholes pricing model relying on the following assumptions: volatility 175.53%; annual rate of dividends 0%; discount rate 1.93%. On May 12, 2017, the Company issued warrants to purchase 50,000 shares of common stock at \$.09. The warrants were valued at \$4,283 using the Black Scholes pricing model relying on the following assumptions: volatility 176.74%; annual rate of dividends 0%; discount rate 1.93%.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - STOCKHOLDERS' DEFICIT (continued)

On February 21, 2018, the Company issued the CFO warrants to purchase 50,000 shares of common stock at \$.11. The warrants were valued at \$5,255 using the Black Scholes pricing model relying on the following assumptions: volatility 177.09%; annual rate of dividends 0%; discount rate 2.69%. On April 23, 2018, the Company issued warrants to purchase 50,000 shares of common stock at \$.10. The warrants were valued at \$4,762 using the Black Scholes pricing model relying on the following assumptions: volatility 174.51%; annual rate of dividends 0%; discount rate 2.83%.

During the six months ended June 30, 2018, the Company issued the following warrants pursuant to offers of employment with three employees: 1) to purchase 500,000 shares of common stock at an exercise price of \$.10 with a term of 5 years (these warrants were valued at \$33,045 using the Black Scholes pricing model relying on the following assumptions: volatility 175.59%; annual rate of dividends 0%; discount rate 2.36%); 2) to purchase 500,000 shares of common stock at an exercise price of \$.11 with a term of 5 years (these warrants were valued at \$81,897 using the Black Scholes pricing model relying on the following assumptions: volatility 176.04%; annual rate of dividends 0%; discount rate 2.81%); and 3) to purchase 1,000,000 shares of common stock at an exercise price of \$.11 with a term of 5 years (these warrants were valued at \$163,798 using the Black Scholes pricing model relying on the following assumptions: volatility 176.10%; annual rate of dividends 0%; discount rate 2.77%), these warrants will vest one year from issuance (June 19, 2019) (the Company has recorded \$4,936 as stock-based compensation during the quarter ended June 30, 2018, the remaining cost will be amortized over the course of the vesting period).

Common Stock Warrants

A summary of the status of the Company's warrants is presented below.

	<u>June 30, 2018</u>		<u>December 31, 2017</u>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	119,301,754	\$ 0.09	32,071,901	\$ 0.10
Issued	43,226,504	0.10	88,737,227	0.09
Exercised	-	-	-	-
Cancelled	-	-	-	-
Expired	(654,123)	0.24	(1,507,374)	0.13
Outstanding, end of period	<u>161,874,134</u>	<u>\$ 0.09</u>	<u>119,301,754</u>	<u>\$ 0.09</u>

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - STOCKHOLDERS' DEFICIT

Warrants outstanding and exercisable by price range as of June 30, 2017 were as follows:

<u>Outstanding Warrants</u>			<u>Exercisable Warrants</u>		
Exercise Price	Number	Average Weighted Remaining Contractual Life in Years	Exercise Price	Number	Weighted Average Exercise Price
\$ 0.05	1,250,000	3.20	\$ 0.05	1,250,000	\$ 0.05
0.06	16,050,000	4.10	0.06	16,050,000	0.06
0.07	3,000,000	4.20	0.07	3,000,000	0.07
0.08	34,612,227	3.50	0.08	34,612,227	0.08
0.09	775,000	3.03	0.09	775,000	0.09
0.10	101,203,704	4.42	0.10	101,203,704	0.10
0.11	2,550,000	4.92	0.11	1,550,000	0.11
0.12	50,000	2.12	0.12	50,000	0.12
0.14	50,000	1.12	0.14	50,000	0.14
0.15	1,363,927	1.20	0.15	1,363,927	0.15
0.17	50,000	0.75	0.17	50,000	0.17
0.19	50,000	0.87	0.19	50,000	0.19
0.22	269,276	0.25	0.22	269,276	0.22
0.25	100,000	0.25	0.25	100,000	0.25
0.30	250,000	0.43	0.30	250,000	0.30
0.33	250,000	0.01	0.33	250,000	0.33
	<u>161,874,134</u>	<u>4.13</u>		<u>160,874,134</u>	<u>\$ 0.10</u>

NOTE 8- COMMITMENTS AND CONTINGENCIES

Employment Agreement

The Company's Chief Executive Officer, Andrew Dahl, is serving under the terms of an employment agreement dated December 16, 2011 as amended August 11, 2016. Under the agreement, Mr. Dahl serves as CEO for one year terms, subject to automatic renewal, unless either party terminates the Agreement on sixty days' notice prior to the expiration of the term of the agreement. Mr. Dahl is compensated as follows: he receives an annual base salary of \$240,000. In addition, Mr. Dahl is entitled to monthly bonus compensation equal to 2% of the Company's revenue, but only to the extent that such bonus amount exceeds his base salary for the month in question. In addition, Mr. Dahl will be entitled to warrants having an exercise price of \$.25 per share, upon the attainment of specified milestones as follows: 1) Warrants for 500,000 shares upon identification of bio-active agents in the Company's product and filing of a patent with respect thereto, 2) Warrants for 500,000 shares upon entering into a business contract under which the Company receives at least \$500,000 in cash payments, 3) Warrants for 1,000,000 shares upon the Company entering into a co-development agreement with a research company to develop medicinal or pharmaceutical applications (where the partner provides at least \$2 million in cash or in-kind outlays), 4) Warrants for 1,000,000 shares upon the Company entering into a co-development agreement for nutraceutical or dietary supplement applications (where the partner provides at least \$2 million in cash or in-kind outlays), 5) Warrants for 1,000,000 shares upon the Company entering into a pharmaceutical development agreement. Further, as it relates to Company's wholly-owned subsidiary, WellMetris, LLC ("WellMetris"), in the event the Company ceases to own a controlling interest in WellMetris for any reason whatsoever, the Company shall cause WellMetris to grant Mr. Dahl warrants to purchase a seven percent (7%) equity interest in WellMetris at the time outside funding is closed and/or at the time an event occurs whereby the Company relinquishes majority control of WellMetris. Such Warrant shall be priced at the per-unit or per-share price at the time of the applicable closing or change of control with respect to WellMetris. As of June 30, 2018, none of the milestones referred to had been achieved and there has been no notice of contract termination.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8- COMMITMENTS AND CONTINGENCIES (continued)

Investment Banking, M&A and Corporate Advisory Agreement

On January 17, 2017 the Company entered into a one year agreement with an Investment Banking, Merger and Acquisition (M&A) and Corporate Advisory firm ("Firm"). Pursuant to the terms of the agreement, if the Company did not terminate the engagement prior to April 18, 2017, it was required to issue 1,875,000 shares of its common stock. As of April 18, 2017, the Company had not terminated the agreement and therefore became obligated to issue the aforementioned shares. The Company considers this to be a Type I Subsequent Event and recorded the expense in Professional Fees and Consulting Expenses in the amount of \$131,250 on its Condensed Consolidated Statement of Operations for the three months ended March 31, 2017 and in Accrued Liabilities in its Condensed Consolidated Balance Sheet as of March 31, 2017. In addition to the contract fee, the Company could potentially be required to obligated to pay an 8% M&A transaction fee (as defined in the Agreement) payable in shares of the Company's common stock (reduced by the value of the previously issued shares). On January 17, 2018, this agreement expired with no additional costs to the Company.

On February 21, 2018 the Company entered into a one year agreement with an Investment Banking, Merger and Acquisition (M&A) and Corporate Advisory firm ("Firm"). Pursuant to the terms of the agreement, issued a warrant to purchase 2,326,504 shares of common stock at an exercise price of \$.10 for a term of five years. The warrants were valued at \$245,039 using the Black Scholes pricing model relying on the following assumptions: volatility 177.09%; annual rate of dividends 0%; discount rate 2.69%. In addition to the contract fee, the Company could potentially be obligated to pay up to an 8% M&A transaction fee (as defined in the Agreement) plus a warrant to purchase shares of common stock equal to between 0.5% to 1% of the post financing fully shares outstanding at an exercise price equal to the valuation / share price of the financing.

Change of Control Provisions

Effective as of February 9, 2018, the Board of Directors extended to December 31, 2018 the Change in Control Agreements (the "Agreements") with both of its executive officers. The Agreements with each of the executive officers provide that if a Change of Control (as defined in the Agreements) occurs and the participant is not offered substantially equivalent employment with the successor corporation or the participant's employment is terminated without Cause (as defined in the Agreements) during the three month period prior to the Change of Control or the 24 month period following the Change of Control, then 100% of such participant's unvested options will be fully vested and the restrictions on his restricted shares will lapse. The Agreements also provide for severance payments of 500% of base salary and target bonus in such event. The Agreements terminate on December 31, 2017, with the provision that if a Change of Control occurs prior to the termination date, the obligations of the Agreements will remain in effect until they are satisfied or have expired.

Effective as of February 9, 2018, the Board of Directors extended to December 31, 2018 the Change in Control Agreements (the "Agreements") with both of its executive officers. The Agreements with each of the executive officers provide that if a Change of Control (as defined in the Agreements) occurs and the participant is not offered substantially equivalent employment with the successor corporation or the participant's employment is terminated without Cause (as defined in the Agreements) during the three month period prior to the Change of Control or the 24 month period following the Change of Control, then 100% of such participant's unvested options will be fully vested and the restrictions on his restricted shares will lapse. The Agreements also provide for severance payments of 500% of base salary and target bonus in such event. The Agreements terminate on December 31, 2018, with the provision that if a Change of Control occurs prior to the termination date, the obligations of the Agreements will remain in effect until they are satisfied or have expired.

NOTE 9 - RELATED PARTY TRANSACTIONS

Due to Related Party

See Note 4 Due to Related Party for disclosure of payable to related Party.

Loan Payable – Related Party

See Note 5 Loan Payable – Related Parties for disclosure of loans payable to related Parties

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - RELATED PARTY TRANSACTIONS (continued)

Executive Compensation

See Note 7 – Stockholders’ Deficit for disclosure of warrants to purchase 1,000,000 shares of common stock at an exercise price of \$.11 with a term of 5 years to the Executive Director of Asia Operations (a consultant). The Executive Director of Asia Operations is the spouse of the Chief Financial Officer. The Executive Director of Asia Operations is contracted on a month to month basis.

See Note 7 – Stockholders’ Deficit for disclosure of compensation to the Chief Financial Officer.

Employment Agreement

See Note 8 – Commitments and Contingencies for disclosure of the Employment Agreement with the Chief Executive Officer.

NOTE 10 – SETTLEMENT OF LITIGATION - RELATED PARTY

On July 15, 2015, a shareholder of the Company (“Shareholder”) brought action against HEP Investment alleging certain technical violations of Section 16(b) of the Securities Act of 1934, as amended. On March 3, 2017, without admitting any liability whatsoever, HEP Investment settled with the Shareholder by agreeing to reduce the Company’s debt owed to HEP Investment by \$280,000. Related to this debt reduction, the Company will pay to the Shareholder’s legal counsel \$60,000 and 250,000 shares of the Company’s common stock valued at \$22,500. The Company considered the settlement to be a Type 1 subsequent event and recorded legal fees of \$82,500 on the Statement of Operations for the year ended December 31, 2016 and recorded the settlement amount of \$280,000 as a reduction of convertible debt owed to HEP Investments and an increase to Additional Paid-In Capital on its Balance Sheet as of December 31, 2016.

NOTE 11 – SUBSEQUENT EVENTS

Loan Payable, Related Party

Through August 14, 2018, HEP Investments LLC funded an additional 180,000. This amount was recorded as Loan Payable, Related Party (see note 5 - Loan Payable, Related Party).

Stock Issuances

Through August 14, 2018, the Company received proceeds of \$450,000 from the issuance of 4,500,000 shares of common stock.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements involve known and unknown risks, uncertainties and other factors which may cause our or our industry’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to statements regarding:

- ⌚ our ability to raise the funds we need to continue our operations;
- ⌚ our goal to generate revenues and become profitable;
- ⌚ regulation of our product;
- ⌚ market acceptance of our product and derivatives thereof;
- ⌚ the results of current and future testing of our product;
- ⌚ the anticipated performance and benefits of our product;
- ⌚ the ability to generate licensing fees; and
- ⌚ our financial condition or results of operations.

In some cases, you can identify forward-looking statements by terms such as “may”, “will”, “should”, “could”, “would”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “projects”, “predicts”, “potential” and similar expressions intended to identify forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our 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 such forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as otherwise required by law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this report to reflect any change in our expectations or any change in events, conditions or circumstances on which any of our forward-looking statements are based. We qualify all of our forward-looking statements by these cautionary statements.

Critical Accounting Policies

The accompanying discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We base our estimates and judgments on historical experience and all available information. However, future events are subject to change, and the best estimates and judgments routinely require adjustment. US GAAP requires us to make estimates and judgments in several areas, including those related to recording various accruals, income taxes, the useful lives of long-lived assets, such as property and equipment and intangible assets, and potential losses from contingencies and litigation. We believe the policies discussed above are the most critical to our financial statements because they are affected significantly by management's judgments, assumptions and estimates.

Results of Operations for the three months ended June 30, 2018 and 2017

Overview:

For ZIVO, we have put in place a business model in which we would derive future income from licensing and selling natural bioactive ingredients that may be derived from or are initially based on the algae cultures. We expect that these planned new products will likely be sold to much larger, better-financed animal, food, dietary supplement and medical food manufacturers. The anticipated income streams are to be generated from a) royalties and advances for licensed natural bioactive ingredients, and b) a toll on bulk sales of such ingredients. These bulk ingredients will likely be made by contracted ingredient manufacturers and then sold by us to animal food, dietary supplement and medical food processors and/or name-brand marketers. Further, we expect to license our bioactive molecules as lead compounds or templates for synthetic variants intended for therapeutic applications.

For WellMetris, we are developing, with the intention to manufacture, market, and sell tests that we believe will allow people to optimize their health and identify future health risks. We plan to develop and commercialize such tests in three phases:

- ⌚ In phase one (“Phase One”) or, alternately named Gen 1.0, we plan to develop and commercialize a series of tests, which are intended to measure indicators of good health and optimal metabolic function (collectively, the “Phase One Test”). The Phase One Test is being designed to measure biomarkers related to oxidative stress, inflammation, and antioxidant status to establish a metabolic assessment from which intervention can commence, and from which metabolic syndrome can be inferred.
- ⌚ In phase two (“Phase Two”) or alternately named Gen 1.5, we plan to develop and commercialize a testing technology focused on the positive or negative metabolic effects of metabolizing fat and muscle efficiency due to changes in diet, exertion, hydration and dietary supplements in a self-administered format that integrates with smartphone operating systems.
- ⌚ In phase three (“Phase Three”) or alternately named Gen 2.0, we plan to develop and commercialize additional tests intended to provide a more complete metabolic profile for an individual utilizing the metabolites present in urine. The Company believes the Gen 2.0 tests, in aggregate, will allow identification of healthy versus unhealthy bodily processes in real-time. This technology can also be applied to livestock and companion animals. As capital funding becomes available, the Company will move forward with product development.

We believe there is a viable market for our Wellness Tests. More than 19% of Americans are afflicted with cardiovascular diseases, diabetes, autoimmune diseases and cancer. The Wellness Tests are intended to identify pre-conditions to such illnesses. Such identification may allow for early intervention and reduce incidence of such illnesses or forestall their onset. This is critically important to large employers, insurers and governmental agencies who are payers for health claims and are facing massive increases in premiums or cash outlays.

The WellMetris technology also incorporates sophisticated software to analyze, report, record and manage wellness and health data for large groups such as large employers, pension funds, accountable care organizations, state Medicaid agencies and their actuarial consultants, underwriters, re-insurers and wellness consultants. The software also contains tools to conduct meta-analysis of baseline health benchmarks and monitor the progress of pre-clinical intervention programs within large groups.

Due to funding constraints, current efforts are primarily focused on ZIVO research and development efforts.

Since 2004, we have been incurring significant operating losses and negative cash flow. We experienced only nominal sales of our algal product, which was pulled from the market in January of 2012, and have relied primarily on the sale of company securities and shareholder loans to fund operations. We are also experiencing an ongoing and substantial working capital deficiency. We have had difficulty raising capital from third parties. Through July of 2018, we successfully raised capital to fund operations and research for 2018. If we are unable to obtain additional funding in the near term, we may be unable to continue as a going concern, in which case you would likely suffer a total loss of your investment in our Company.

Net Sales.

We had no sales during the three months ended June 30, 2018 and 2017.

Cost of Sales.

We had no cost of sales during the three months ended June 30, 2018 and 2017.

General and Administrative Expenses.

General and administrative expenses were \$307,330 for the three months ended June 30, 2018, as compared to \$222,230 for the comparable prior period. The increase of approximately \$85,000 in general and administrative expense during 2018 is due primarily to the following: increased salary expense of \$54,000 due to the hiring of the Vice President of Operations, \$17,000 increase in insurance expenses and \$14,000 increased public relations expenses.

Professional and Consulting Expenses.

Professional and consulting expenses were \$253,836 for the three months ended June 30, 2018, as compared to \$163,703 for the comparable prior period. The increase of approximately \$90,000 in professional and consulting expense during 2018 is mainly due to the following: an increase of \$100,000 for investment banking fees, an increase of \$53,000 in legal fees, mainly relating to patent matters, an increase in \$3,000 for filing fees, offset by a decrease of \$41,000 in the use of outside consultants and a decrease of \$25,000 in accounting fees.

Research and Development Expenses.

For the three months ended June 30, 2018, we incurred \$773,991 in research and development expenses, as compared to \$495,519 for the comparable period in 2017.

Of these expenses, approximately \$774,000 and \$483,000 for the three months ended June 30, 2018 and 2017, respectively, are costs associated with external research relating to Zivo. Subject to the availability of funding, our research and development costs will grow as we work to complete the research in the development of natural bioactive compounds for use as dietary supplements and food ingredients, as well as biologics for medicinal and pharmaceutical applications in humans and animals. The Company's scientific efforts are focused on the metabolic aspects of oxidation and inflammation, with a parallel program to validate and license products for healthy immune response. The increase of \$291,000 from the prior period is due to the greater availability of cash and the prioritization of Zivo research.

With respect to our WellMetris, LLC subsidiary, we incurred approximately \$-0- and \$13,000 in research and development expenses for the three months ended June 30, 2018 and 2017, respectively. The R&D effort to date has centered on optimizing dry chemistry, developing lower-cost alternatives for the proprietary analyzer device, negotiating and collaborating with offshore manufacturers and assembling the FDA pre-submission package for product classification and approval. The reduction of \$13,000 from the prior period is due to prioritization of Zivo research, and the limited amount of capital available for research and development.

Results of Operations for the six months ended June 30, 2018 and 2017

Net Sales.

We had no sales during the six months ended June 30, 2018 and 2017.

Cost of Sales.

We had no cost of sales during the six months ended June 30, 2018 and 2017.

General and Administrative Expenses.

General and administrative expenses were \$639,315 for the six months ended June 30, 2018, as compared to \$428,571 for the comparable prior period. The approximately \$211,000 increase in general and administrative expense during 2018 is due primarily to the following: increased salary expense of \$143,000 due to the hiring of the Vice President of Operations, of which \$33,000 was the issuance of warrants to purchase 500,000 shares of common stock (the warrants were valued at \$33,000 and was a non-cash expense), \$32,000 increase in insurance expenses, \$31,000 increased public relations expenses and \$7,000 in travel expenses.

Professional and Consulting Expenses.

Professional and consulting expenses were \$677,963 for the six months ended June 30, 2018, as compared to \$439,614 for the comparable prior period. The increase of approximately \$238,000 of professional and consulting expense during 2018 is mainly due to: an increase of \$361,000 for investment banking fees, of which was the issuance of warrants to purchase 2,326,504 shares of common stock (the warrants were valued at \$245,000 and was a non-cash expense) offset by the issuance of 1,875,000 shares of stock valued at \$131,000 (a non-cash expense) to an investment banking and corporate advisory firm in the six months ended June 30, 2017, an increase of \$90,000 in legal fees, mainly relating to patent matters, offset by a decrease of \$62,000 in the use of outside consultants and a decrease of \$22,000 in accounting fees.

Research and Development Expenses.

For the six months ended June 30, 2018, we incurred \$1,701,106 on research and development expenses, as compared to \$804,536 for the comparable period in 2017.

Of these expenses, approximately \$1,701,000 and \$783,000 for the six months ended June 30, 2018 and 2017, respectively, are costs associated with external research relating to Zivo. Subject to the availability of funding, our research and development costs will grow as we work to complete the research in the development of natural bioactive compounds for use as dietary supplements and food ingredients, as well as biologics for medicinal and pharmaceutical applications in humans and animals. The Company's scientific efforts are focused on the metabolic aspects of oxidation and inflammation, with a parallel program to validate and license products for healthy immune response. The increase of \$918,000 from the prior period is due to the prioritization of Zivo research and the greater availability of cash.

With respect to our WellMetris, LLC subsidiary, we incurred \$0- and \$21,000 in research and development expenses for the six months ended June 30, 2018 and 2017, respectively. The R&D effort to date has centered on optimizing dry chemistry, developing lower-cost alternatives for the proprietary analyzer device, negotiating and collaborating with offshore manufacturers and assembling the FDA pre-submission package for product classification and approval. The reduction of \$21,000 from the prior period is due to prioritization of Zivo research, and the limited amount of capital available for research and development.

Liquidity and Capital Resources

The unaudited condensed consolidated financial statements contained in this Quarterly Report have been prepared on a “going concern” basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have a near term need for additional capital. For the reasons discussed herein, there is a significant risk that we will be unable to continue as a going concern, in which case, you would suffer a total loss of your investment in our company.

As of August 14, 2018, we had a cash balance of approximately \$720,000. We have incurred significant net losses since inception. We have, since inception, consistently incurred negative cash flow from operations. During the six months ended June 30, 2018, we incurred negative cash flows from operations of \$2,652,486. As of June 30, 2018, we had a working capital deficiency of \$18,838,028 and a stockholders’ deficiency of \$18,838,028. Although we recently received funding of \$1,500,000 from HEP Investments and \$1,834,000 from the issuance of common stock, we have a near term need for additional capital.

During the six months ended June 30, 2018, our operating activities used \$2,652,486 in cash, an increase of \$999,707 from the comparable prior period. The approximate \$1,000,000 increase in cash used by operating activities was primarily attributable to the following (all of which are approximated): a \$4,129,000 increase in net loss, offset by a increase of \$2,802,000 in non-cash expenses (an increase in amortization of debt issuance costs of \$2,692,000, increase of stocks and warrants issued for services and financing costs of \$592,000, offset by a decrease in loss on extinguishment of debt of \$407,000, decreases in amortization of bond discount of \$63,000 and depreciation expense of \$12,000), and \$327,000 of changes made up of an (increase) in prepaid expenses - \$27,000, a decrease in accounts payable - \$185,000, offset by a increase in due to related parties and accrued liabilities - \$539,000.

Our financing activities generated \$3,013,000, an increase of approximately \$1,843,000 from the comparable prior period. The increase in cash provided by financing activities was due to a decrease in proceeds of approximately \$384,000 from proceeds of loans payable from a related party, \$107,000 of debt issuance costs and an increase of \$500,000 of proceeds from the issuance of 11% convertible debentures and \$1,834,000 from proceeds of sale of common stock as compared to the prior period.

During the fourth quarter of 2011, we entered into an agreement with HEP Investments, LLC (“HEP”) under which HEP agreed to purchase convertible notes in the aggregate principal amount of \$2,000,000. Through May 2018, we amended this agreement to provide for funding up to \$20,000,000. As of the date of this filing, HEP had advanced a total of approximately \$18.1 million pursuant to this arrangement. HEP’s convertible notes are secured by all our assets.

Although we raised funds through the issuance of debt during 2017 and the first half of 2018, we continue to experience a shortage of capital, which is materially and adversely affecting our ability to run our business. As noted above, we have been largely dependent upon external sources for funding. We have in the past had difficulty in raising capital from external sources. We are still heavily reliant upon external financing for the continuation of our research and development program.

We estimate that we will require approximately \$5,000,000 in cash over the next 12 months in order to fund our normal operations and to fund our research and development initiatives. Based on this cash requirement, we have a near term need for additional funding. Historically, we have had substantial difficulty raising funds from external sources; however, we recently were able to raise a limited amount of capital from outside sources. If we are unable to raise the required capital, we will be forced to curtail our business operations, including our research and development activities.

Significant elements of income or loss not arising from our continuing operations

We do not expect to experience any significant elements of income or loss other than those arising from our continuing operation.

Seasonality

Based on our business model implemented at the beginning of 2012, anticipated income streams are to be generated from the following:

For ZIVO:

- a) royalties and advances for licensed natural bioactive ingredients, isolated natural compounds and synthetic variants thereof, and
- b) bulk sales of such ingredients;

For WellMetris:

The selling of wellness tests and data services related to medical records management and analysis/compilation of data gathered on behalf of payers. For insurers, the primary selling season is November through April of any given year.

We do not anticipate that these will be affected by seasonality.

We are currently prioritizing efforts related to ZIVO.

Staffing

We have conducted all of our activities since inception with a minimum level of qualified staff. Although we hired an additional Vice President in 2018 and now have four full-time employees, we currently do not expect a significant increase in staff.

Off-Balance Sheet arrangements

We have no off-balance sheet arrangements that would create contingent or other forms of liability.

Item 4T. Controls and Procedures

Management's Report on Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we necessarily were required to apply our judgment in evaluating the cost-benefit relationship of possible changes or additions to our controls and procedures.

As of June 30, 2017, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive/principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based upon that evaluation, our principal executive/principal financial officer concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, are effective in enabling us to record, process, summarize and report information required to be included in our periodic SEC filings within the required time period.

Changes in Internal Control Over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

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

During the six months June 30, 2018, the Company issued 487,692 shares of common stock to HEP Investments relating to the issuance of \$1,500,000 in principal of 11% Convertible Debentures to the Company. The Company also issued 18,338,813 shares of common stock.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended *
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended *
32.1	Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

*Furnished herewith (all other exhibits are deemed filed)

SIGNATURES

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

ZIVO BIOSCIENCE, INC.

Date: August 14, 2018

By: /s/Andrew Dahl
Andrew Dahl
Chief Executive Officer

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

I, Andrew Dahl, certify that:

1. I have reviewed this Quarterly report on Form 10-Q of Zivo Bioscience, Inc. (the "Company");
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. The registrant's other certifying officer and I are 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 Rule 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 period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function).
 - 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: August 14, 2018

/s/Andrew Dahl
Andrew Dahl,
Chief Executive Officer

**Certification Pursuant to pursuant to Rule 13a-14(a) or Rule 15d-14(a)
of the Securities Exchange Act of 1934, as amended**

I, Philip M. Rice II, certify that:

1. I have reviewed this Quarterly report on Form 10-Q of Zivo Bioscience, Inc. (the “Company”);
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. The Registrants other certifying officers and I are 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 the material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly through 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 evaluations, 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 that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
 - 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: August 14, 2018

/s/Philip M. Rice II
Philip M. Rice II
Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report on Form 10-Q for the period ending June 30, 2018 of Zivo Bioscience, Inc. (the "Company"), Inc., a Nevada corporation (the "Company"), as filed with the Securities and Exchange Commission (the "Report"), I, Andrew Dahl, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2018

/s/Andrew Dahl
Andrew Dahl
Chief Executive Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(Subsections (a) and (b) of Section 1350,
Chapter 63 of Title 18, United States Code)**

In connection with the Quarterly Report of Zivo Bioscience, Inc. (the "Company"), Inc., a Nevada corporation (the "Company"), on Form 10-Q for the period ended June 30, 2018 as filed with the Securities and Exchange Commission (the "Report"), I, Philip M. Rice II, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350), that to the best of my knowledge and belief:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 14, 2018

/s/ Philip M. Rice II
Philip M. Rice II
Chief Financial Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 HAS BEEN PROVIDED TO HEALTH ENHANCEMENT PRODUCTS, INC. AND WILL BE RETAINED BY HEALTH ENHANCEMENT PRODUCTS, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.