

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 March 31, 2019

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

Smaller reporting company

Accelerated filer

Emerging growth company

Non-accelerated filer

(Do not check if a smaller reporting company)

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

Indicate by check mark whether the issuer is a shell company (as defined in Rule 12-b2 of the Exchange Act). Yes No

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 192,185,726 shares of common stock, \$0.001 par value, outstanding at May 13, 2019.

FORM 10-Q
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Item 1. Condensed Consolidated Financial Statements

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	<u>March 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash	\$ 4,285	\$ 388,891
Prepaid Expenses	99,476	22,615
Total Current Assets	<u>103,761</u>	<u>411,506</u>
PROPERTY AND EQUIPMENT, NET	-	-
TOTAL ASSETS	<u>\$ 103,761</u>	<u>\$ 411,506</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts Payable	\$ 802,843	\$ 422,426
Due to Related Party	-	432,429
Loans Payable, Related Parties	185,534	176,405
Convertible Debentures Payable, less discount of \$13,045 and \$1,562,425 at March 31, 2019 and December 31, 2018, respectively	19,527,596	17,978,215
Accrued Interest	4,213,330	3,674,148
Accrued Liabilities – Other	74,129	10,000
Total Current Liabilities	<u>24,803,432</u>	<u>22,693,623</u>
LONG TERM LIABILITIES:	-	-
TOTAL LIABILITIES:	<u>24,803,432</u>	<u>22,693,623</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Common stock, \$.001 par value, 1,200,000,000 shares authorized; 186,185,726 and 180,036,435 issued and outstanding at March 31, 2019 and December 31, 2018	186,186	180,037
Additional Paid-In Capital	56,618,919	55,985,626
Accumulated deficit	(81,504,776)	(78,447,780)
Total Stockholders' Deficit	<u>(24,699,671)</u>	<u>(22,282,117)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 103,761</u>	<u>\$ 411,506</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 March 31, 2019	For the Three Months Ended March 31, 2018 (Revised)
REVENUES:	\$ -	\$ -
COSTS AND EXPENSES:		
General and Administrative	309,469	331,985
Professional fees and Consulting expense	292,322	424,127
Research and Development	366,061	927,115
Total Costs and Expenses	967,852	1,683,227
LOSS FROM OPERATIONS	(967,852)	(1,683,227)
OTHER INCOME (EXPENSE):		
Amortization of Debt Discount	(374,608)	(94,753)
Financing costs	-	(27,000)
Finance costs paid in stock and warrants	-	(264,495)
Interest expense	(27,307)	(63,092)
Interest expense – related parties	(1,687,229)	(1,713,607)
Total Other Income (Expense)	(2,089,144)	(2,162,947)
NET LOSS	\$ (3,056,996)	\$ (3,846,174)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.03)
WEIGHTED AVERAGE BASIC AND DILUTED SHARES OUTSTANDING	180,608,657	141,162,061

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 Three Months Ended March 31, 2019	For the Three Months Ended March 31, 2018 (Revised)
Cash Flows for Operating Activities:		
Net Loss	\$ (3,056,996)	\$ (3,846,174)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock and warrants issued for services rendered - Related Party	4,767	5,255
Stock and warrants issued for services rendered	19,745	278,085
Stock and warrants issued for Finance Costs – Related Party	-	264,496
Amortization of debt issuance costs	1,549,381	1,372,785
Changes in assets and liabilities:		
(Increase) in prepaid expenses	(76,861)	(74,049)
Increase in accounts payable	380,418	589,937
Increase in due to related party	-	27,000
Increase in accrued liabilities and interest	603,312	508,665
Net Cash (Used) by Operating Activities	<u>(576,234)</u>	<u>(874,000)</u>
Cash Flows from Investing Activities:		
	<u>-</u>	<u>-</u>
Cash Flow from Financing Activities:		
Proceeds from loan payable, related party, net	41,629	155,000
Proceeds from the sale of common stock	150,000	-
Proceeds from issuance of convertible debentures	-	500,000
Net Cash Provided by Financing Activities	<u>191,629</u>	<u>655,000</u>
Increase (decrease) in Cash	(384,605)	(219,000)
Cash at Beginning of Period	388,890	317,135
Cash at End of Period	<u>\$ 4,285</u>	<u>\$ 98,135</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	<u>\$ 581</u>	<u>\$ -</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

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:

Three Months Ended March 31, 2019:

During the quarter ended March 31, 2019, \$464,929 of Due to Related Party was converted at \$.10 per share into 4,649,291 shares of the Company's common stock.

Three Months Ended March 31, 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.

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, 2018 consolidated audited financial statements and Notes thereto included in the Annual Report on Form 10-K filed with the SEC on February 12, 2019.

The results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2019, or any other period.

The Company incurred a net loss of \$3,056,996 for the three months ended March 31, 2019. In addition, the Company had a working capital deficiency of \$24,699,671 and a stockholders’ deficit of \$24,699,671 at March 31, 2019. These factors continue to raise substantial doubt about the Company’s ability to continue as a going concern. During the quarter ended March 31, 2019, the Company received proceeds of \$150,000 from the issuance of common stock and \$41,629 in loans from related parties. 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., WellMetrix, LLC (fka 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 March 31, 2019, the Company did not have any cash equivalents.

Property and Equipment

Property and equipment consists of furniture, office equipment, and leasehold improvements, 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 costs. 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 \$1,174,772 and \$1,278,032 and are included in Interest Expense and Interest Expense – Related Parties on the condensed consolidated Statements of Operations for the three months ended March 31, 2019 and 2018, respectively. Unamortized Debt Issuance Costs in the amounts of \$13,045 and \$1,562,425 are netted against Convertible Notes Payable on the condensed consolidated Balance Sheets presented in these financial statements as of March 31, 2019 and December 31, 2018, 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 will 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.

For three months ended March 31, 2019 and 2018, the Company had no revenue.

Shipping and Handling Costs

Shipping and handling costs are expensed as incurred. For the three months ended March 31, 2019 and 2018, 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 \$366,000 and \$927,000 for the quarters ended March 31, 2019 and 2018, 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 three months ended March 31, 2019 and 2018, warrants were granted to employees and consultants of the Company. As a result of these grants, the Company recorded compensation expense of \$24,512 and \$283,340 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:

	Three Months Ended March 31,	
	2019	2018
Expected volatility	180.46%	175.59% to 177.09%
Expected dividends	0%	0%
Expected term	5 years	5 years
Risk free rate	2.53%	2.36% to 2.69%

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 of March 31, 2019, consisted of 237,650,674 common shares from convertible debentures and related accrued interest and 191,803,751 common shares from outstanding warrants. Potentially dilutive securities as of March 31, 2018, consisted of 206,001,030 common shares from convertible debentures and related accrued interest and 125,928,258 common shares from outstanding warrants. For the three months ended March 31, 2019 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 three months ended March 31, 2019 and 2018.

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.

Recently Enacted 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, 2016, including interim periods within that reporting period. Early adoption is not permitted. Historically the Company has had no revenues.

In February 2016, the FASB issued ASU No. 2016-02, Leases, to require lessees to recognize all leases, with limited 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. Subsequently, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, ASU No. 2018-11, Targeted Improvements, and ASU No. 2018-20, Narrow-Scope Improvements for Lessors, to clarify and amend the guidance in ASU No. 2016-02. We have adopted the ASUs on January 1, 2019. Prior comparative periods were not required to be restated and the ASUs are not expected to have an impact on the Company's consolidated financial statements.

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

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2019 and December 31, 2018 consisted of the following:

	March 31, 2019 (Unaudited)	December 31, 2018
Furniture and fixtures	\$ 20,000	\$ 20,000
Equipment	80,000	80,000
	<u>100,000</u>	<u>100,000</u>
Less accumulated depreciation and amortization	<u>(100,000)</u>	<u>(100,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

There were no depreciation and amortization expenses for the three months ended March 31, 2019 and 2018.

NOTE 4 – DUE TO RELATED PARTY

As of March 31, 2019 and December 31, 2018, the Company owed HEP Investments, LLC, a related party, \$- and \$432,429, respectively. The origin of the payable is a 5.4% cash finance fee for monies invested in the Company in the form of convertible debt (see Note 6). During the quarter ended March 31, 2019, the balance of \$432,429 was converted at \$.10 per share into 4,324,291 shares of the Company's common stock.

During the three months ended March 31, 2019 and 2018, the Company incurred additional finance costs related to these transactions of \$- and \$27,000, respectively.

NOTE 5 – LOAN PAYABLE, RELATED PARTIES

Christopher Maggiore

As of March 31, 2019, and December 31, 2018, Mr. Christopher Maggiore, a director and a significant shareholder of the Company, is owed \$185,534 and \$176,405 in principal representing advances to the Company, as well as accumulated accrued interest of \$119,184 and \$74,344, respectively. The Company currently pays agreed upon interest at 11%.

During the three months ended March 31, 2019 and March 31, 2018, interest expense on this indebtedness was \$7,814 and \$9,630, respectively.

HEP Investments, LLC

In addition to amounts owed to HEP Investments pursuant to Convertible Debt (see Note 6), as of January 1, 2018, the Company owed HEP Investments \$217,614. During the year ended December 31, 2018, HEP Investments loaned the Company an additional \$1,751,187. Pursuant to the terms of the agreement with HEP Investments, \$1,968,801 of these loans were recorded as 11% Convertible Secured Promissory Notes, leaving a remaining balance of \$- as of December 31, 2018.

During the quarter ended March 31, 2019, HEP Investments loaned the Company \$32,500 (see Note 6 - Convertible Debt). During the quarter ended March 31, 2019, the balance of \$32,500 was converted at \$.10 per share into 325,000 shares of the Company's common stock, leaving a remaining balance of \$- as of March 31, 2019.

NOTE 6 – CONVERTIBLE DEBT

HEP Investments, LLC – Related Party

On December 2, 2011, the Company and HEP Investments, LLC, a Michigan limited liability company (the “Lender”), entered into the following documents, effective as of December 1, 2011, as amended through May 16, 2018: (i) a Loan Agreement under which the Lender has agreed to advance up to \$20,000,000 to the Company, subject to certain conditions, (ii) a Convertible Secured Promissory Note in the principal amount of \$20,000,000 (“Note”) (of which \$18,350,640 has been advanced as of March 31, 2019), (iii) a Security Agreement, under which the Company granted the Lender a security interest in all of its assets, (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.

On January 31, 2018, the Company and the 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 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 April 30, 2018, the Board of Directors approved the issuance to the 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 the 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.

NOTE 6 – CONVERTIBLE DEBT (Continued)

HEP Investments, LLC – Related Party (continued)

On May 16, 2018, the Company and the 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 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."

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.

During the year ended December 31, 2018, the Company recorded debt discounts, related to \$1,968,801 of Notes in the amount of \$819,854 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 \$613,758 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 \$206,096 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 \$206,096 were calculated using the Black Scholes pricing model relying on the following assumptions: volatility 174.59 to 180.14%; annual rate of dividends 0%; discount rate 2.09% to 3.04%

The Company is amortizing the debt discount over the term of the debt. Amortization of the debt discounts were \$903,317 for the year ended December 31, 2018.

On March 29, 2019, the Company and the Lender entered into a "Debt Extension Agreement" whereby the Lender extended the maturity date of the Note to June 30, 2019. The Lender received no additional consideration related to this debt extension. The Company determined that the modification of these Notes was not a substantial modification in accordance with ASC 470-50, "Modifications and Extinguishments."

Based on the above, as of March 31, 2019, the total shares of common stock, if the Lender converted the complete \$18,350,640 convertible debt, including related accrued interest of \$3,743,787, would be 220,944,270 shares, not including any future interest charges which may be converted into common stock.

The Company has agreed to pay a closing fee of 9% in connection with the Loan transaction (when the remaining funding is 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. In one instance, the Lender agreed to a reduced closing fee based on the involvement of the Investment Banker (Note 8 – Commitments and Contingencies: Investment Banking, M&A and Corporate Advisory Agreement).

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

NOTE 6 – CONVERTIBLE DEBT (continued)

Paulson Investment Company, LLC - Related Debt

On August 24, 2016, the Company entered into a Placement Agent Agreement with Paulson Investment Company, LLC (Paulson). The agreement provided that Paulson could 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 included a (i) a Loan Agreement of 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.

On September 24, 2018, one New Lender converted \$300,000 of the debt and \$64,280 of accrued interest into 3,642,800 shares of the Company’s common stock (at \$.10 per share).

The New Lenders Notes are convertible into the Company’s restricted common stock at \$.10 per share and bear interest at the rate of 11% per annum. Two New Lenders extended their \$50,000 notes (a total of \$100,000) to November 30, 2019. The Company is in discussions through intermediaries with the remaining four (4) New Lenders to determine their intentions.

As of March 31, 2019, the Company has not made the required annual interest payments to six (6) New Lenders and principal payments to four (4) New Lenders. As the Company has not received notices of default, pursuant to the terms of the Notes, we do not currently consider ourselves in default. Were the Company to default, additional interest would accrue at a rate of 16% per annum.

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:

	March 31, 2019 (Unaudited)	December 31, 2018
1% Convertible notes payable, due April 30, 2019 (at March 31, 2019)	\$ 240,000	\$ 240,000
11% Convertible note payable – HEP Investments LLC, a related party, net of unamortized discount and debt issuance costs of \$13,045 and \$1,562,425 at March 31, 2019 and December 31, 2018, respectively, due June 30, 2019 (at March 31, 2019)	18,337,595	16,788,214
11% Convertible note payable – New Lenders; placed by Paulson, due at various dates ranging from September 2018 to November 2019	950,000	950,000
	19,527,595	17,978,215
Less: Current portion	19,527,595	17,978,215
Long term portion	\$ -0-	\$ -0-

As of March 31, 2019, the reductions to Notes Payable of \$13,045 consisted of debt issuance costs. As of December 31, 2018, the reductions to Notes Payable of \$1,562,425 consisted of, unamortized discounts of \$374,608 and debt issuance costs of \$1,187,817.

Amortization of debt discounts was \$374,608 and \$94,753 for the three months ended March 31, 2019 and 2018, respectively.

ZIVO BIOSCIENCE, INC. AND SUBSIDIARIES

NOTE 7 - STOCKHOLDERS' DEFICIT

Board of Directors fees

The Company recorded directors' fees of \$10,000 and \$10,000 during the three months ended March 31, 2019 and 2018, representing the cash fees.

Stock Issuances

During the three months ended March 31, 2019, the Company issued 1,500,000 shares at \$.10 per share for proceeds of \$150,000. In addition, the Company issued 4,649,291 shares of the Company's common stock for the conversion of \$464,929 of accounts / loans payable – related party at \$.10 per share.

During the three months ended March 31, 2018, in connection with the issuance of \$500,000 in principal of 11% Convertible Debenture the Company issued to HEP Investments 180,000 shares of common stock valued at \$18,000 and a five-year warrant to purchase 500,000 shares of common stock at an exercise price of \$.10 per share.

On January 16, 2018, the Company issued to a newly hired employee warrants to purchase 500,000 shares of common stock at \$.10. The 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%.

On June 19, 2018, the Company issued a warrant pursuant to an offer of employment with an employee 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 (the Company has recorded \$19,745 as stock-based compensation during the months ended March 31, 2019).

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 February 12, 2019, the Company issued the CFO warrants to purchase 50,000 shares of common stock at \$.10. The warrants were valued at \$4,766 using the Black Scholes pricing model relying on the following assumptions: volatility 180.46%; annual rate of dividends 0%; discount rate 2.53%.

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%.

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

NOTE 7 - STOCKHOLDERS' DEFICIT (Continued)

Common Stock Warrants

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

	March 31, 2019		December 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	192,148,956	\$ 0.09	119,301,754	\$ 0.09
Issued	50,000	0.10	74,377,862	0.10
Exercised	-	-	-	-
Cancelled	(345,205)	0.11	-	-
Expired	(50,000)	0.17	(1,530,660)	0.26
Outstanding, end of period	191,803,751	\$ 0.09	192,148,956	\$ 0.09

Warrants outstanding and exercisable by price range as of March 31, 2019 were as follows:

Outstanding Warrants			Exercisable Warrants		
Exercise Price	Number	Weighted Remaining Contractual Life in Years	Exercise Price	Number	Weighted Average Exercise Price
\$ 0.05	1,250,000	2.45	\$ 0.05	1,250,000	\$ 0.05
0.06	16,050,000	3.35	0.06	16,050,000	0.06
0.07	3,000,000	3.45	0.07	3,000,000	0.07
0.08	34,612,227	2.75	0.08	34,612,227	0.08
0.09	775,000	2.28	0.09	775,000	0.09
0.10	129,805,062	3.90	0.10	129,805,062	0.10
0.11	2,204,795	4.17	0.11	2,204,795	0.11
0.12	100,000	2.87	0.12	100,000	0.12
0.14	2,600,000	4.42	0.14	2,600,000	0.14
0.15	1,356,667	0.45	0.15	1,356,667	0.15
0.19	50,000	0.12	0.19	50,000	0.19
	191,803,751	3.61		191,803,751	\$ 0.09

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, increased to \$300,000 per Board of Directors resolution February 26, 2019. 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, WellMetrix, LLC ("WellMetrix"), in the event the Company ceases to own a controlling interest in WellMetrix for any reason whatsoever, the Company shall cause WellMetrix to grant Mr. Dahl warrants to purchase a seven percent (7%) equity interest in WellMetrix at the time outside funding is closed and/or at the time an event occurs whereby the Company relinquishes majority control of WellMetrix. 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 WellMetrix. As of March 31, 2019, none of the milestones referred to had been achieved and there has been no notice of contract termination.

Investment Banking, M&A and Corporate Advisory Agreement

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 \$245,040 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% and 1.0%. As of December 31, 2018, the Company issued additional warrants to purchase 3,007,132 shares of common stock at an exercise price of \$.13 with a term of 5 years to an investment banker. The warrants were valued at \$374,511 using the Black Scholes pricing model relying on the following assumptions: volatility 180.13%; annual rate of dividends 0%; discount rate 2.65%. As a result of this issuance, any further potential obligation to pay a M&A transaction fee relating to warrants to purchase shares of common stock would be equal to 0.5% 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 December 31, 2018, the Board of Directors extended to December 31, 2019 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, 2019, 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.

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

NOTE 8- COMMITMENTS AND CONTINGENCIES (Continued)

Supply Chain Consulting Agreement

On February 27, 2019, the Company entered into a Supply Chain Consulting Agreement (“Supply Consulting Agreement”) with a consultant (“Consultant”). The Supply Consulting Agreement provides that the Consultant will identify and help negotiate the terms of potential joint ventures involving algae production development projects or related transactions or business combinations (“Development Project”). The Supply Consulting Agreement provides for exclusivity in Southeast Asia; Oceania; Indian subcontinent; and Africa; with regions in the Middle East by mutual agreement. The closing of a Development Project (as acceptable to the Company) is defined as the date that the Company is able, financially and otherwise, to proceed with engineering and construction of algae production facilities, processing or warehousing facilities and supply chain development, or related business combinations rendering an equivalent outcome (in the reasonable determination of the Company), for the production, processing, transport, compliance, marketing and resale of its proprietary algae biomass. Upon the closing of a Development Project, the Company will pay cash fees of \$950,000 to Consultant and issue to Consultant a cashless warrant with a five-year term to purchase eighteen million (18,000,000) shares of the Company’s common stock at an exercise price of \$0.10 per share.

Legal Contingencies

We may become a party to litigation in the normal course of business. In the opinion of management, there are no legal matters involving us that would have a material adverse effect upon our financial condition, results of operation or cash flows.

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.

Executive Compensation

See Note 7 – Stockholder’ Deficiency 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 - SUBSEQUENT EVENTS

LOAN PAYABLE, RELATED PARTIES

Christopher Maggiore

During the period from April 1, 2019 to May 13, 2019, the Company repaid Mr. Maggiore, a director and a significant shareholder of the Company (see Note 5 Loans Payable – Related Parties), \$9,129, leaving a total advanced of \$176,405.

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

NOTE 10 - SUBSEQUENT EVENTS (Continued)

CONVERTIBLE DEBT

HEP Investments, LLC – Related Party

Debt Conversion Agreement

The Company and the Lender entered a Debt Conversion Agreement dated April 5, 2019 whereby the Lender agrees, upon the sale of at least \$25 million in common shares to one or more third party investors, to convert at least \$16.1 million of the Convertible Notes into the Company's common stock. Pursuant to the terms of the Convertible Notes, \$16.1 million of Convertible Notes would convert into 161 million shares of the Company's common stock.

STOCKHOLDERS' DEFICIENCY

Increase in Authorized Shares

On May 1, 2019, the shareholders of the Company voted for approval and adoption of an amendment to the Articles of Incorporation, as amended, to increase the number of authorized shares of common stock from 700,000,000 shares to 1,200,000,000 shares. The Certificate of Amendment to the Articles of Incorporation has been filed with the Secretary of State of Nevada.

Stock Issuances

During the period April 1, 2019 to May 13, 2019, the Company issued 6,000,000 shares of common stock at \$.10 per share for cash of \$600,000.

Supply Chain Consultant

On May 2, 2019, the Board of Directors authorized the issuance a cashless warrant with a five-year term to purchase five million (5,000,000) shares of the Company's common stock at an exercise price of \$0.10 per share to the Consultant.

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:

- ① our ability to raise the funds we need to continue our operations;
- ② our goal to generate revenues and become profitable;
- ③ regulation of our product;
- ④ market acceptance of our product and derivatives thereof;
- ⑤ the results of current and future testing of our product;
- ⑥ the anticipated performance and benefits of our product;
- ⑦ the ability to generate licensing fees; and
- ⑧ 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.

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 WellMetrix, 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:

- ① 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. A patent that covers this particular combination of biomarkers was issued December 25, 2018.
- ① 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.
- ① 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 finalizing its transition cow syndrome test, for which a provisional patent application has already been filed.

The WellMetrix 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.

Results of Operations for the three months ended March 31, 2019 and 2018

Net Sales

We had no sales during the three months ended March 31, 2019 and 2018.

Cost of Sales

We had no cost of sales during the three months ended March 31, 2019 and 2018.

Selling Expenses

The Company had no Selling Expenses for the three months ended March 31, 2019 and 2018.

General and Administrative Expenses

General and administrative expenses were \$309,469 for the three months ended March 31, 2019, as compared to \$331,985 for the comparable prior period. The approximate \$23,000 decrease in general and administrative expense during 2019 is due the following: an increase in insurance expenses of \$27,000, an increase in travel and related expenses of \$10,000, offset by a decrease of \$34,000 in public communication expenses and a decrease in staff resulting in a salary decrease of \$26,000.

Professional and Consulting Expenses.

Professional and consulting expenses were \$292,322 for the three months ended March 31, 2019, as compared to \$424,127 for the comparable prior period. The approximate \$132,000 decrease in professional and consulting expense during 2019 is due primarily to the following: an increase of \$43,000 in services relating to an executive search firm, an increase in legal fees of \$14,000, an increase in exchange listing fees of \$13,000 and an increase in accounting fees of \$5,000, offset by a decrease of \$196,000 in investment banking fees, of which \$245,000 was due to a warrant issued in 2018 to an investment banking firm (a non-cash expense), with an increase of \$49,000 in cash fees paid and a decrease of \$11,000 in payments to consultants.

Research and Development Expenses.

For the three months ended March 31, 2019, we incurred \$366,061 on research and development expenses, as compared to \$927,115 for the comparable period in 2018. The decrease of approximately \$561,000 in research and development expenses was the result of a lack of available financial resources. 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.

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 May 10, 2019, we had a cash balance of approximately \$5,000. We have incurred significant net losses since inception. We have, since inception, consistently incurred negative cash flow from operations. During the quarter ended March 31, 2019, we incurred negative cash flows from operations of \$576,234. As of March 31, 2019, we had a working capital deficiency of \$24,699,671 and a stockholders' deficiency of \$24,699,671. Although we recently received funding of \$580,000 from sale of shares of common stock, we have a near term need for substantial additional capital.

During the three months ended March 31, 2019, our operating activities used \$576,234 in cash, a decrease of \$297,766 from the comparable prior period. The approximate \$298,000 decrease in cash used by operating activities was primarily attributable to the following (all of which are approximated): a \$789,000 decrease in net loss, an increase of \$347,000 in non-cash expenses (primarily a decrease of \$259,000 for the issuance of stocks and warrants for services rendered, a decrease of \$265,000 for stocks and warrants issued for finance costs offset by an increase of \$177,000 in amortization of debt issuance costs) and \$145,000 of changes in assets and liabilities made up of a decrease in accounts payable of \$210,000, offset by an increase in prepaid expenses - \$3,000 and a decrease in due to related party of \$27,000 and an increase of accrued liabilities of \$95,000.

Our financing generated approximately \$192,000, an approximately \$463,000 decrease from the comparable prior period. The decrease in cash provided by financing activities was due to an increase of \$150,000 from proceeds from issuance of common stock offset by a decrease of \$113,000 from proceeds of loans payable from a related party and by a decrease of \$500,000 from proceeds from issuance of convertible debentures.

During the fourth quarter of 2011, we entered into an agreement with HEP Investments under which HEP Investments 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 Investments had advanced a total of approximately \$18.4 million pursuant to this arrangement. HEP Investments' convertible notes are secured by all our assets.

Although we raised limited funds through the issuance of debt and the issuance of common stock during 2018 and the first quarter of 2019, 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. 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 WellMetrix:

- a) the selling of wellness tests and data services related to medical records management and
- b) 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.

Staffing

We have conducted all of our activities since inception with a minimum level of qualified staff. 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 March 31, 2019, 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 quarter ended March 31, 2019, the Company issued 1,500,000 shares of common stock.

Item 5. Other Information

None.

Item 6. Exhibits

<u>No.</u>	<u>Description</u>
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: May 13, 2019

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: May 13, 2019

/s/Andrew Dahl
Andrew Dahl,
Chief Executive Officer

**Certification 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: May 13, 2019

/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 March 31, 2019 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: May 13, 2019

/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 March 31, 2019 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: May 13, 2019

/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.