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

FORM 10-Q

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from ________________ to ________________

Commission file number **0-52993**

GelTech Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**56-2600575**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1460 Park Lane South, Suite 1, Jupiter, Florida	**33458**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (561) 427-6144

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

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☑	Smaller reporting company ☑
	Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Class	Outstanding at November 12, 2018
Common Stock, $0.001 par value per share	99,645,375 shares

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PART I – FINANCIAL INFORMATION

PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of September 30, 2018 (Unaudited)	As of December 31, 2017
ASSETS		
Cash	$ 18,076	$ 43,888
Accounts receivable trade, net	356,729	77,700
Inventories	561,107	1,434,411
Prepaid expenses and other current assets	103,317	133,361
Total current assets	1,039,229	1,689,360
Furniture, fixtures and equipment, net	137,156	185,433
Operating right of use asset, net	35,638	—
Inventory not expected to be realized within one year	1,316,418	479,486
Deposits	18,336	16,086
Total assets	$ 2,546,777	$ 2,370,365
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Accounts payable	$ 236,384	$ 133,303
Accrued expenses	221,076	634,791
Customer deposit	721	—
Operating lease liability – current portion	27,320	—
Insurance premium finance contract	49,543	63,364
Total current liabilities	535,044	831,458
Operating lease liability	8,861	—
Convertible notes - related party, net of discounts	976,862	969,186
Convertible line of credit – related party, net of discounts	3,088,055	5,328,530
Total liabilities	4,608,822	7,129,174
Commitments (Note 6)		
Stockholders' deficit		
Preferred stock: $0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock: $0.001 par value; 200,000,000 shares authorized; 98,808,163 and 74,914,703 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively.	98,808	74,915
Additional paid in capital	52,922,272	47,285,967
Accumulated deficit	(55,083,125)	(52,119,691)
Total stockholders' deficit	(2,062,045)	(4,758,809)
Total liabilities and stockholders' deficit	$ 2,546,777	$ 2,370,365

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

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Sales	$ 607,596	$ 383,595	$ 1,268,032	$ 954,100
Cost of goods sold	209,090	112,386	414,687	297,027
Gross profit	398,506	271,209	853,345	657,073
Operating expenses:				
Selling, general and administrative expenses	1,042,127	1,028,948	3,183,426	3,046,871
Research and development	8,587	15,135	42,148	37,965
Total operating expenses	1,050,714	1,044,083	3,225,574	3,084,836
Loss from operations	(652,208)	(772,874)	(2,372,229)	(2,427,763)
Other income (expense)				
Interest income	4	1	7	9
Loss on conversion of debt	(129,936)	—	(129,936)	—
Interest expense	(103,953)	(213,091)	(461,276)	(636,839)
Total other income (expense)	(233,885)	(213,090)	(591,205)	(636,830)
Net loss	$ (886,093)	$ (985,964)	$ (2,963,434)	$ (3,064,593)
Net loss per common share - basic and diluted	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.05)
Weighted average shares outstanding - basic and diluted	96,687,944	63,397,615	86,819,775	58,816,056

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

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30,	
	2018	**2017**
Cash Flows from Operating Activities		
Reconciliation of net loss to net cash used in operating activities:		
Net loss	$ (2,963,434)	$ (3,064,593)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	10,653	11,116
Depreciation	63,344	68,229
Amortization of right of use assets	14,675	—
Amortization of debt discounts	137,265	148,306
Loss on conversion of debt	129,936	—
Options issued for services	—	30,703
Common stock issued for services	7,038	—
Stock option compensation expense	138,362	254,246
Changes in assets and liabilities:		
Accounts receivable	(289,682)	(181,543)
Inventories	36,372	(210,762)
Prepaid expenses and other current assets	105,972	49,952
Accounts payable	83,081	114,038
Deferred revenue	—	1,583
Lease liability	(14,132)	—
Customer deposits	721	—
Other assets	(2,250)	—
Settlement accrual	—	(26,789)
Accrued expenses	325,915	461,270
Net cash used in operating activities	(2,216,164)	(2,344,244)
Cash flows from Investing Activities		
Purchases of equipment	(15,067)	(17,209)
Net cash used in investing activities	(15,067)	(17,209)
Cash flows from Financing Activities		
Proceeds from sale of stock under stock purchase agreement	—	210,555
Proceeds from sale of stock and warrants	2,180,000	1,921,000
Proceeds from issuance of stock	96,000	—
Proceeds from option exercise	3,596	—
Proceeds from advances on convertible line of credit with related parties	—	200,000
Payments on insurance finance contract	(74,177)	(63,877)
Net cash provided by financing activities	2,205,419	2,267,678
Net (decrease) in cash	(25,812)	(93,775)
Cash – beginning	43,888	151,184
Cash – ending	$ 18,076	$ 57,409

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

Continued

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(UNAUDITED)

	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 2,207	$ 2,315
Cash paid for income taxes	$ —	$ —
Supplementary Disclosure of Non-cash Investing and Financing Activities:		
Beneficial conversion feature of convertible notes	$ —	$ 9,662
Loan discount from warrants	$ —	$ 9,662
Options issued for legal services, recorded as prepaid expense	$ 15,572	$ 30,703
Recording right of use asset and related lease liability	$ 50,313	$ —
Stock issued for accrued interest	$ 719,630	$ 506,874
Stock issued to convert debt	$ 2,500,000	$ 1,997,483
Prepaid insurance and related premium finance contracts	$ 60,356	$ 53,666

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

GELTECH SOLUTIONS, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(Unaudited)

NOTE 1 – Organization and Basis of Presentation

Organization

GelTech Solutions, Inc., or GelTech or the Company, generates revenue primarily from marketing products based around the following four product categories (1) FireIce®, a water enhancing powder that can be utilized both as a fire suppressant in urban firefighting, including fires in underground utility structures, and in wildland firefighting and as a medium-term fire retardant to protect wildlands, structures and firefighters; (2) FireIce Shield®, a line of products used in industry by manufacturers, plumbers, and welders, and by police departments and first responders to protect assets from fire; (3) $Soil_2O$® "Dust Control", our application which is used for dust mitigation in the aggregate, road construction and mining $Soil_2O$® Soil Cap, a dust suppressant technology designed to stabilize stockpile dust and reduce soil erosion, and (4) $Soil_2O$®, a product which reduces the use of water and is primarily marketed to golf courses and commercial landscapers and most recently to homeowners via the $Soil_2O$® Home Lawn Kit.

The Company also markets equipment that is used to apply these primary products including (1) Emergency Manhole FireIce Delivery System, or EMFIDS, an innovative system designed to deliver FireIce® into a manhole in the event of a fire or explosion, (2) FireIce® Home Defense Unit, a system for applying FireIce® to structures to protect them from wildfires and (3) the FireIce Shield CTP System, a mobile spray unit that can be used to protect communication tower electronics during hot work.

Our unaudited condensed consolidated financial statements have been prepared on a going concern basis, and we need to generate sufficient material revenues to support the ongoing business of GelTech.

The corporate office is located in Jupiter, Florida and we also have an office in Niwot, Colorado to support our Wildland operations.

Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of the Company and its three wholly-owned subsidiaries: FireIce Gel, Inc., GelTech International, Inc. and Weather Tech Innovations, Inc. There has been no activity in FireIce Gel, Inc., Weather Tech Innovations, Inc. and GelTech International, Inc.

These unaudited consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by "GAAP" for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The information included in these unaudited consolidated interim financial statements should be read in conjunction with Management's Discussion and Analysis of Financial Conditions and Results of Operations contained in this report and the audited consolidated financial statements and accompanying notes included in the Company's Report on Form 10-K for the year ended December 31, 2017 filed on March 26, 2018.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements are reasonable; however, actual results could differ materially from these estimates. Significant estimates for the nine months ended September 30, 2018 include the allowance for doubtful accounts, depreciation and amortization, valuation and classification of inventories, valuation of options and warrants granted for services, valuation of common stock granted for services or debt conversion and the valuation of deferred tax assets.

Inventories

Inventories as of September 30, 2018 consisted of raw materials and finished goods in the amounts of $853,083 and $1,024,442, respectively. As of September 30, 2018, the Company estimated that inventory including raw materials in the amount $,1,316,418 would most likely not be consumed in the next twelve months and therefore reclassified that amount to long term inventory in the unaudited consolidated balance sheet. As of September 30, 2018, the Company had approximately $41,342 of consignment inventory consisting of FireIce 561, FireIce Pro, FireIce HVOF and HDU Wand Kits held by five customers.

Internal-Use Software

The Company capitalizes the cost of development of internal use software in accordance with ASC 350-40 Intangibles – Goodwill and Other – Internal-Use Software. During the nine months ended September 30, 2018, the Company capitalized $10,000 paid for the development of its new website.

Revenue Recognition

On January 1, 2018, we adopted ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments. Our payment terms are net 30 days for domestic sales with payments for most international sales being due upon delivery of products to the customer’s freight forwarder. We do not incur incremental costs obtaining purchase orders from our customers, however, if we did, because all of our contracts are less than a year in duration, any contract costs incurred would be expensed rather than capitalized. Our adoption of this ASU, resulted in no change to our results of operations or our balance sheet.

Leases

In connection with entering into a new lease agreement for our Wildland operations in Colorado, the Company elected to early adopt the provisions of ASU 2016-02, *Leases*. As such, the Company recorded an operating lease right of use asset and an operating lease liability, both in the amount of $50,313.

Net Earnings (Loss) per Share

The Company computes net earnings (loss) per share in accordance with ASC 260-10, “*Earnings per Share*.” ASC 260-10 requires presentation of both basic and diluted earnings per share (“EPS”) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The Company’s diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. At September 30, 2018, there were options to purchase 13,984,333 shares of the Company’s common stock, warrants to purchase 15,640,539 shares of the Company’s common stock and 9,134,594 shares of the Company’s common stock are reserved for convertible notes which may dilute future earnings per share.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with ASC 718-10, “*Share-Based Payment*,” which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock units, and employee stock purchases based on estimated fair values.

The Company accounts for non-employee stock-based compensation in accordance with ASC 505-50-25, “*Equity Based Payments to Non-Employees,*” which requires the measurement and recognition of compensation expense for all share-based payment awards made to non-employees based on estimated fair values.

Determining Fair Value Under ASC 718-10

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding the number of highly subjective variables.

The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term for employee stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk-free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

The fair values of stock options and warrants granted during the period from January 1, 2018 to September 30, 2018 were estimated using the following assumptions:

Risk free interest rate	2.49% - 2.84%
Expected term (in years)	5.0 – 10.0
Dividend yield	—
Volatility of common stock	64.92% - 65.97%
Estimated annual forfeitures	—

New Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update 2018-07, *Compensation - Stock Compensation*, which aligns the accounting for share based payments to non-employees with the accounting for share based payments to employees. The new standard will apply for annual periods beginning after December 15, 2018, including interim periods therein, and requires modified retrospective application. Early adoption is permitted. The implementation of this update is not expected to cause a material change to our consolidated financial statements.

No other Accounting Standards Updates (ASUs) which were not effective until after September 30, 2018 are expected to have a significant effect on the Company's consolidated financial position or results of operations.

NOTE 2 – Going Concern

These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to realize it assets and discharge its liabilities in the normal course of business. As of September 30, 2018, the Company had an accumulated deficit and stockholders' deficit of $55,083,125 and $2,062,045, respectively, and incurred losses from operations and net losses of $2,372,229 and $2,963,434, respectively, for the nine months ended September 30, 2018 and used cash in operations of $2,216,164 during the nine months ended September 30, 2018. In addition, the Company has not yet generated revenue sufficient to support ongoing operations. Management believes these factors raise substantial doubt regarding the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this report. These unaudited condensed consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

During the nine months ended September 30, 2018, the Company received $2,276,000 from private placements with five accredited investors, including $885,000 from its chairman and principal shareholder and $1,130,000 in connection with a Stock Purchase Agreement with an accredited investor.

Management believes that additional funding from its chairman and principal shareholder and the revenue prospects from the Wildland industry provide the opportunity for the Company to continue as a going concern. Ultimately, the continuation of the Company as a going concern is dependent upon the ability of the Company to generate sufficient revenue to attain profitable operations.

NOTE 3 – Convertible Note Agreements – Related Party

The Company currently has two debt facilities outstanding, both of them held by its chairman and principal shareholder.

One convertible note in the amount of $1,000,000 dated July 11, 2013 related to a new funding on that date. The note bore annual interest of 7.5%, was convertible at $1.00 per share and was due July 10, 2018. In connection with the note, the Company issued five–year warrants to purchase 500,000 shares of common stock at an exercise price of $1.30 per share. On February 12, 2015, this note was modified by securing the note with all the assets of the Company, by extending the due date of the note from July 10, 2018 to December 31, 2020 and by reducing the conversion rate of the note from $1.00 to $0.35 per share. The modification was accounted for as a debt extinguishment in accordance with ASC 470. In connection with the modification, the Company recorded a note discount of $60,390, related to the relative fair value of the warrants attached to the note. For the nine months ended September 30, 2018, the Company recorded interest expense of $7,676 related to the amortization of the note discounts related to the warrants. As of September 30, 2018, the balance of the unamortized discount related to the warrants was $23,138. In April 2018, the Company issued 612,457 shares of common stock in payment of accrued interest outstanding on the note as of March 31, 2018 in the amount of $128,616. As of September 30, 2018, the principal balance on this note is $1,000,000 and accrued interest amounted to $31,918.

In connection with the February 2015 debt modifications described above, the Company entered into a Secured Revolving Convertible Line of Credit Agreement for up to $4 million with its chairman and principal shareholder. On April 8, 2016, the Company and its chairman and principal shareholder entered into the First Amendment to Secured Revolving Convertible Promissory Note Agreement increasing the credit facility from $4 million to $5 million. On September 27, 2016, the Company and its chairman and principal shareholder entered into the Second Amendment to Secured Revolving Convertible Promissory Note Agreement increasing the credit facility from $5 million to $6 million. Under the agreements, the Company may, with the prior approval of its chairman and principal shareholder, receive advances under the secured convertible line of credit. Each advance bore an annual interest rate of 7.5%, is due December 31, 2020 and is convertible at the rate equal to the closing price of the Company's common stock on the day prior to the date the parties agree to the advance. In addition, the Company will issue the Company's chairman and principal shareholder two-year warrants to purchase shares of common stock at an exercise price of $2.00 per share. The number of warrants issued equals 50% of the number of shares issuable upon the conversion of the related advance.

In July 2018, the Company issued 9,379,473 shares of common stock to its chairman and principal shareholder upon the conversion of $2.5 million of Secured Convertible Notes ("Notes"). The Notes were converted at prices ranging from $0.21 to $0.35 per share. In connection with the conversion, the Company recorded a loss on conversion of $129,936 representing the remaining balance of unamortized discounts on the notes converted. No gain or loss was recorded relating to the fair value of the shares exchanged because the debt was converted based upon the contractual terms of the Secured Notes. In addition to the conversion, the Company's chairman, president and principal shareholder agreed to reduce the annual interest rate on the remaining Notes and a $1 million Secured Convertible Promissory Note from 7.5% to 5.0%. The remaining Notes are convertible at prices ranging from $0.35 to $0.82 per share. Because the change in interest rates did not significantly affect the present value of the remaining debt it has been treated as a debt modification.

During the nine months ended September 30, 2018, the Company has recognized interest expense of $137,265 related to the amortization of loan discounts. As of September 30, 2018, the principal balance of the advances was $3,395,000 and the balance of the unamortized discounts related to the warrants and the beneficial conversion feature was $153,473 and $153,473, respectively. In April 2018, the Company issued 2,370,690 shares of common stock in payment of accrued interest outstanding as of March 31, 2018 in the amount of $497,845. Accrued interest on the advances amounted to $160,758 as of September 30, 2018.

As of March 31, 2018, there remained accrued interest of $93,170 due related to a prior secured convertible note in the amount of $1,997,483 which was converted in September 2017. In April 2018, the Company issued 266,201 shares of common stock in payment of the remaining accrued interest.

A summary of notes payable and related discounts as of September 30, 2018 is as follows:

	Principal	Unamortized Discount	Debt, Net of Discount
Related parties			
Secured Convertible notes payable	$ 1,000,000	$ (23,138)	$ 976,862
Secured Convertible Line of Credit	3,395,000	(306,945)	3,088,055
Less current portion	—	—	—
Secured convertible notes payable and line of credit, net of current portion	$ 4,395,000	$ (330,083)	$ 4,064,917

NOTE 4 – Stockholders' Deficit

Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock, par value $0.001 per share with such rights, preferences and limitation as may be set from time to time by resolution of the board of directors and the filing of a certificate of designation as required by Delaware General Corporation Law.

Common Stock

In June 2018, the Company's shareholders approved increasing the authorized number of shares of $0.001 par value common stock from 150 million to 200 million shares. In July 2018, the Company filed a Certificate of Amendment to the Company's Certificate of Incorporation increasing the Company's common stock to 200 million shares.

On August 12, 2015, GelTech signed a $10 million Purchase Agreement with Lincoln Park. The Company also entered into a Registration Rights Agreement with Lincoln Park whereby we agreed to file a registration statement related to the transaction with the SEC covering the shares that may be issued to Lincoln Park under the Purchase Agreement.

Under the terms and subject to the conditions of the Purchase Agreement, GelTech had the right to sell, and Lincoln Park was obligated to purchase, up to $10 million in shares of the Company's common stock, subject to certain limitations, from time to time, over the 30-month period commencing on October 16, 2015.

During the nine months ended September 30, 2018, the Company did not sell shares to Lincoln Park and the agreement expired in May 2018.

During the nine months ended September 30, 2018, the Company issued 10,722,776 shares of common stock and two-year warrants to purchase 5,361,384 shares of common stock for $2.00 per share to three accredited investors in exchange for $2,180,000, including the issuance of 4,191,808 shares of common stock and 2,096,904 warrants to the Company's chairman and principal shareholder in exchange for $885,000.

During the nine months ended September 30, 2018, the Company issued 484,919 shares of common stock to three accredited investors in exchange for $96,000.

During the nine months ended September 30, 2018, the Company issued 31,022 shares of common stock to consultants in exchange for consulting services rendered valued at $5,600, based upon the market price of our common shares on the grant date.

In April 2018, the Company issued 266,201 shares of common stock, with a fair market value of $55,902 to our chairman and principle shareholder to convert accrued interest in the amount of $93,170, converted at $0.35 per share in connection with a secured convertible note agreement that was converted in September 2017. Because the shares were with a related party, the gain on conversion of $37,268 was recorded to paid in capital.

In April 2018, the Company issued 2,983,147 shares of common stock, with a fair market value of $626,461, to its chairman and principle shareholder in conversion of accrued interest of $626,461 as of March 31, 2018 on a $1 million secured convertible note and its $6 million secured convertible line of credit.

In July 2018, the Company issued 20,000 shares in connection with the exercise of options by an employee in exchange for $3,596.

In June 2018, the Company issued 5,922 shares of restricted common stock to its National Sales Director as payment for commission in the amount of $1,438 in accordance with his employment agreement,

Stock-Based Compensation

Stock-based compensation expense recognized under ASC 718-10 for the period January 1, 2018 to September 30, 2018, was $137,129 for stock options granted to employees and directors. This expense is included in selling, general and administrative expenses in the unaudited consolidated statements of operations. Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. At September 30, 2018, the total compensation cost for stock options not yet recognized was approximately $83,569. This cost will be recognized over the remaining vesting term of the options of approximately two years.

Stock-based awards granted to non-employees, in the form of warrants to purchase the Company's common stock, are valued at fair value in accordance with the measurement and recognition criteria of ASC 505-50 "Equity Based payments to Non-Employees." Stock based compensation to non-employees recognized for the three months ended September 30, 2018 was $1,233.

During the nine months ended September 30, 2018 the Company granted ten-year options to purchase 150,000 shares of common stock at an exercise price of $0.14 per share to our national Sales Director. The options were valued with the Black-Scholes option pricing model using a volatility of 65.97% based upon the historical price of the company's stock, a term of five years, using the simplified method, and a risk-free rate of 2.49%. The calculated fair value, $11,918 was included in expense during the nine months ended September 30, 2018.

During the nine months ended September 30, 2018 the Company granted ten-year options to purchase 150,000 shares of common stock at an exercise price of $0.14 per share in exchange for legal services. The options were valued with the Black-Scholes option pricing model using a volatility of 65.97% based upon the historical price of the company's stock, a term of ten years, the term of the warrants and a risk-free rate of 2.70%. The calculated fair value, $15,572 was recorded as prepaid expense and will be amortized over twelve months. For the nine months ended September 30, 2018, $10,381 was amortized to expense.

During the nine months ended September 30, 2018 the Company granted five-year options to purchase 100,000 shares of common stock at an exercise price of $0.25 per share to our Director of Wildland and Soil2O. The options were valued with the Black-Scholes option pricing model using a volatility of 64.92% based upon the historical price of the company's stock, a term of 5.5 years, using the simplified method, and a risk-free rate of 2.84%. The calculated fair value, $14,694 was included in expense during the nine months ended September 30, 2018.

In accordance with the 2017 Equity Incentive Plan, on July 1, 2018 the non-employee directors were granted ten year options to purchase 690,000 shares of common stock to non-employee directors at an exercise price of $0.285 per share. The options vest on June 30, 2019, subject to continued service as a director. The options were valued with the Black-Scholes option pricing model using an expected volatility of 65.76% based upon the historical price of the company's stock, an expected term of 5.5 years using the simplified method, and a risk-free rate of 2.77%. The calculated fair value, $116,482, will be recorded as expense over the vesting period.

Warrants to Purchase Common Stock

Warrants Issued as Settlements

During the nine months ended September 30, 2018, there were no warrants granted for settlements.

Warrants Issued for Cash or Services

During the nine months ended September 30, 2018, two-year warrants to purchase 2,168,379 shares of common stock at $2.00 per share expired, all of which were held by our chairman and principal shareholder.

NOTE 5 – Related Party Transactions

During the nine months ended September 30, 2018, the Company issued stock and warrants to its chairman and principal shareholder in exchange for cash as more fully described in Notes 3 and 4.

In August 2017, the Company and Warren Mosler, a 10% shareholder, (the "Investor") entered into a Stock Purchase Agreement whereby the Investor committed to purchase up to $1,800,000 shares of the Company's common stock until August 1, 2018, subject to the Company's president and chairman, continuing to serve as an officer of the Company. The Company had the right to direct the Investor to purchase up to $150,000 of shares in any calendar month (although the parties can mutually agree to increase it in any calendar month). The price paid for the shares was the closing price of the Company's common stock on the trading day immediately before the Company delivered its notice to the Investor. Since August 2017 to the filing date of this report, the Investor has purchased 4,929,209 shares for $1,805,000. Although the Investor is no longer required to invest at the Company's direction, the Investor has continued to invest on terms identical to the terms provided for in the Stock Purchase Agreement.

NOTE 6 – Commitments and Contingencies

In February 2018, the Company entered into a two-year operating lease agreement for an office in Niwot, Colorado to better serve our Wildland fire customers. The lease began on March 1, 2018 and calls for 24 monthly payments of $2,250. In accounting for this operating lease, the Company elected to early adopt ASU 2016-02, *Leases.* As such, the Company calculated the fair value of the operating lease right of use asset and the operating lease liability, $50,313, by calculating the present value of the lease payments, discounted at 7.5%, the Company's incremental borrowing rate, over the 24 month term. Amortization of the operating lease right of use asset amounted to $14,675 for the nine months ended September 30, 2018 and was included in operating expense.

On November 14, 2012, the Compensation Committee approved new employment agreements for the Company's then Chief Executive Officer, then President, Chief Technology Officer and Chief Financial Officer. The employment agreements each provide for base salaries of $150,000 and 800,000 stock settled stock appreciation rights ("SARS") of which (i) 200,000 vested immediately, (ii) 200,000 vest upon the Company generating $3,000,000 in revenue in any 12-month period, (iii) another 200,000 vest upon the Company generating $5,000,000 in revenue in any 12-month period and (iv) another 200,000 vest upon the Company generating $6,000,000 in revenue in any 12-month period. The SARs are exercisable at $0.45 per share over a 10-year period. The Company's then Chief Executive Officer, then President and Chief Technology Officer agreed to cancel the 250,000 stock options granted to each of them in their prior employment agreements. These executives' base salary will increase to: (i) $170,000 upon the Company generating $3,000,000 in revenue in any 12-month period, (ii) $190,000 upon the Company generating $5,000,000 in any 12-month period and (iii) $200,000 upon the Company generating $6,000,000 in any 12-month period. On September 30, 2016, the employment agreement for the Company's Chief Financial Officer expired.

In January 2015, GelTech approved an amendment to the Employment Agreement of our Chief Technology Officer. In addition to his base salary, he will receive 5% of the first $2 million of revenue generated by GelTech. The Company paid the Chief Technology Officer $52,797 and $62,056, respectively, in 2017 and 2016 under this provision. The amendment was effective as of January 1, 2015. Additionally, in May 2015, GelTech approved an amendment to the Chief Technology Officer's Employment Agreement to extend the term of the Agreement an additional four years (now expiring October 1, 2020).

On August 16, 2017, the Company entered into a new three-year Employment Agreement with the Company's chief financial officer. The Employment Agreement provides for a base salary of $150,000 per year and a car allowance of $600 per month. The Company's Compensation Committee will also have the discretion to award a discretionary bonus. In consideration for entering into the Employment Agreement, the Company granted 125,000 fully vested 10-year stock options exercisable at $0.1849 per share.

NOTE 7 – Revenue Recognition

The revenue that we recognize arises from purchase orders we receive from our customers. Our performance obligations under the purchase orders correspond to each shipment of product that we make to our customer under the purchase orders; as a result, each purchase order generally contains more than one performance obligation based on the number of products ordered, the quantity of product to be shipped and the mode of shipment requested by the customer. Control of our products transfers to our customers when the customer is able to direct the use of, and obtain substantially all of the benefits from, our products, which generally occurs at the later of when the customer obtains title to our product or when the customer assumes risk of loss of our product. The transfer of control generally occurs at a point of shipment from either our warehouse or our third-party fulfillment centers. Once this occurs, we have satisfied our performance obligation and we recognize revenue.

When we receive a purchase order from a customer, we are obligated to provide the product during a mutually agreed upon time period. Depending on the terms of the purchase order, either we or the customer arranges delivery of the product to the customer's intended destination. In situations where we have agreed to arrange delivery of the product to the customer's intended destination and control of the product transfers upon loading of our product onto transportation equipment, we have elected to account for any freight income associated with the delivery of these products as freight revenue, since this activity fulfills our obligation to transfer the product to the customer. For the nine months ended September 30, 2018, the total amount of freight recognized as revenue was $31,694.

Transaction Price

We agree with our customers on the selling price of each transaction. This transaction price is generally based on the product, market conditions, including supply and demand balances and freight. In our contracts with customers, we allocate the entire transaction price to the sale of product to the customer, which is the basis for the determination of the relative standalone selling price allocated to each performance obligation. Returns of our product by our customers are permitted only when the product is not to specification and were not material for the nine months ended September 30, 2018. Any sales tax, value added tax, and other tax we collect concurrently with our revenue-producing activities are excluded from revenue. Our revenues for FireIce, Soil2O and Soil2O Dust Control are seasonal in nature with our peak seasons occurring in the second and third quarters. Revenues from the sales of FireIce Shield are less seasonal.

During the nine months ended September 30, 2018, the Company received a deposit of $14,970 from a new distributor which was credited toward a purchase of $14,249 in June 2018, leaving a balance of $721.

If we continued to apply legacy revenue recognition guidance for the first nine months of 2018, our revenues, gross margin, and net loss would not have changed. See Note 1—Revenue Recognition for the impact of our adoption of ASU No. 2014-09.

Revenue Disaggregation

We track our revenue by product. The following table summarizes our revenue by product for the three and nine months ended September 30, 2018:

	For the Three Months Ended	For the Nine Months Ended
FireIce	$ 554,354	$ 1,108,720
Soil2O	28,608	83,400
FireIce Shield	17,090	65,433
Other	7,544	10,479
Total	$ 607,596	$ 1,268,032

NOTE 8 – Concentrations

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts through September 30, 2018. As of September 30, 2018, there were no cash balances held in depository accounts that are not insured.

At September 30, 2018, three customers accounted for 30.1%, 16.4% and 10.9% of accounts receivable.

For the nine months ended September 30, 2018,two customers accounted for 10.2% and 13.8% of sales.

Approximately 18.0% of revenues were generated from customers outside the United States during the nine months ended September 30, 2018.

During the nine months ended September 30, 2018, sales primarily resulted from three products, FireIce®, Soil$_2$O® and FireIce Shield® which made up 87.4%, 6.6% and 5.2%, respectively, of total sales. Of the FireIce® sales, 75.8% related to the sale of FireIce® products and 23.5% related to sales of the FireIce extinguishers, eductor equipment and a utility transformer room suppression system. Of the Soil$_2$O® sales, 20.5% related to traditional sales of Soil$_2$O® and 79.5% related to sales of Soil$_2$O® Dust Control. Of the FireIce Shield® sales, 58.0% related to FireIce Shield spray bottles after factoring out a credit of $12,928 for FireIce Shield canisters returned by a distributor, 14.5% consisted of sales of asset protection canisters and refills and 35.6% related to FireIce Shield® CTP units and products.

Three vendors accounted for 21.1%, 19.3%, and 10.9% of the Company's approximately $313,000 in purchases of raw material, finished goods and packaging during the nine months ended September 30, 2018.

NOTE 9 – **Subsequent Events**

Since October 1, 2018, the Company has issued 837,212 shares of common stock and two-year warrants to purchase 418,606 shares of common stock at an exercise price of $2.00 per share to the Investor in exchange for $180,000.

On October 26, 2018, the Company's Board of Directors appointed Mr. Michael Reger, the Company's president and principal shareholder, as the Company's Chief Executive Officer, replacing Mr. Peter Cordani who will remain as the Company's Chief Technology Officer.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Certain statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements that involve risks and uncertainties. Words such as may, will, should, would, anticipates, expects, intends, plans, believes, seeks, estimates and similar expressions identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We assume no obligation to update these forward-looking statements to reflect actual results or changes in factors or assumptions affecting forward-looking statements. Factors that could cause or contribute to these differences include those discussed in the Risk Factors contained in our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or the SEC, on March 26, 2018.

Overview

GelTech Solutions, Inc. ("GelTech" or the "Company), generates revenue primarily from marketing products based around the following four product categories (1) FireIce®, a water enhancing powder that can be utilized both as a fire suppressant in wildland and urban firefighting, including fires in underground utility structures, and in wildland firefighting as a medium-term fire retardant to protect wildlands, structures and firefighters; (2) FireIce Shield®, a line of products used by industry, police departments and first responders to protect assets from fire; (3) Soil$_2$O® "Dust Control", our application which is used for dust mitigation in the aggregate, road construction, mining, as well as, other industries that deal with daily dust control issues and (4) Soil$_2$O®, a product which reduces the use of water and is primarily marketed to golf courses and commercial landscapers and most recently to homeowners via the Soil$_2$O® Home Lawn Kit. The Company also markets equipment that is used in the application of these primary products including (1) Emergency Manhole FireIce Delivery System, or EMFIDS, an innovative system designed to deliver FireIce® into a manhole in the event of a fire or explosion (2) the FireIce Shield CTP System, a mobile spray unit that can be used to protect communication tower electronics during hot work and (3) FireIce® Home Defense Unit, a system for applying FireIce® to structures to protect them from wildfires.

2018 Highlights

Thus far in 2018, we have added two additional customers to our Wildland line up, one in Texas and one in Oklahoma, and have set up three additional mixing bases, one each in Florida, Oregon and New Jersey. Our FireIce products were once again used to quickly bring under control a new flare-up of the continuing landfill fire in the Bahamas and have been used successfully in Saskatchewan and Oregon, plus the first ever use of our product in a National Park in Florida.

The Utility Division has initiated two additional pilot programs for FireIce extinguishers with electric utilities on the East Coast. Programs in the Utility Division continue to expand, with two new cities under one company's umbrella in the process of starting an extinguisher program for their service vehicles. In addition, we processed a repeat order for FireIce to be used to fight manhole fires, with the Northeast electric utility we have been working with for the past five years. During the three months ended September 30, 2018 we shipped and installed a building transformer room suppression system for an electric utility in Texas.

We have engaged new distributors in Israel and Brazil, who have already placed initial purchases and started product demonstrations with their target clients in the Defense, Private Timber and Mining industries. We have executed new distribution agreements with two national distributors for our products specifically for the Cell Tower business and for Electric Utilities. In addition, we have added a new distributor for Electric Utilities in the Northwestern US and one in Canada. We believe these additional distributors will improve our reach into these market segments and strengthen our resources to close deals in 2018.

GelTech has recently received inquiries and started projects with several major companies including companies who sell fire suppression systems or use or manufacture lithium batteries in large configuration systems, such as personal vehicles, storage, mass transportation and large recharging systems. Because FireIce can effectively cool, suppress and remain non-toxic over 5000 degrees F, we expect to continue to work with and be utilized in these applications. With these new inquiries, we have the opportunity to greatly capitalize on our already completed R&D with little additional expense.

Our unaudited consolidated financial statements have been prepared on a going concern basis, and we need to generate sufficient material revenues to support the ongoing business of the Company.

RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2017.

The following tables set forth, for the periods indicated, results of operations information from our interim unaudited consolidated financial statements:

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Change (Dollars)	Change (Percentage)
Sales	$ 1,268,032	$ 954,100	$ 313,932	32.9%
Cost of Goods Sold	414,687	297,027	117,660	39.6%
Gross Profit	853,345	657,073	196,272	29.9%
Operating Expenses:				
Selling General and Administrative	3,183,426	3,046,871	136,555	4.5%
Research and Development	42,148	37,965	4,183	11.0%
Loss from Operations	(2,372,229)	(2,417,763)	55,534	(2.3%)
Other Income (Expense)	(591,205)	(636,830)	45,625	(7.2%)
Net Loss	$ (2,963,434)	$ (3,064,593)	$ 101,159	(3.3%)

Sales

Sales of product during the nine months ended September 30, 2018 consisted of $1,108,720 for FireIce® and related products, $83,400 for Soil$_2$O® and Soil$_2$O® Dust Control and $66,433 for FireIce Shield®. FireIce® sales consisted of $642,072 related to product sales to wildland firefighting agencies and the Bahamas and $45,726 related to sales of extinguishers and product to our municipal distributor and $290,835 related to product sales to industrial, biomass and electric utility customers and $129,000 for an electric utility transformer room suppression system. The Soil$_2$O® sales consisted of sales of Soil$_2$O® topical of $17,162 and sales of Soil$_2$O® dust control of $66,238. Sales of FireIce Shield® consisted of sales of asset protection canisters, spray bottles and refills of $36,390 plus sales of FireIce Shield CTP systems and refills of $23,325. Both FireIce® wildland sales and Soil$_2$O® dust control sales are seasonal in nature with both peak seasons lasting from March through October. We anticipate FireIce Shield® sales to be less seasonal. We expect additional states to join our growing roster of wildland agencies using FireIce. In addition, our FireIce Shield product is gaining acceptance with welders, plumbers and others working under flammable and hot conditions. Based on these factors, we expect that our revenues will increase in the future.

Cost of Goods Sold

The increase in cost of goods sold was the result of the increase in sales. Cost of sales as a percentage of sales was 32.7% for the nine months ended September 30, 2018 as compared to 31.1% for the nine months ended September 30, 2017. We expect future cost of sales as a percentage of sales will be consistent with the cost of sales percentage for the nine months ended September 30, 2018, but as always it is dependent upon the sales mix.

Selling, General and Administrative Expenses (SG&A)

The increase in SG&A expenses for the nine months ended September 30, 2018 resulted primarily from (1) an increase in salaries and employee benefits of $129,313 as a result of hiring a National Sales Director and an engineer plus higher commission expense due to the increase in sales, (2) an increase in investor relations expense of $52,724, (3) an increase in travel expense of $47,596 due to increased travel by sales personnel and (4) an increase in Facilities expense of $42,479 as a result of the opening of our Colorado office. These increases were partially offset by a decrease in professional fees of $54,545 and a decrease in equity based compensation of $115,885 due to fewer options vesting during the nine months ended September 30, 2018.

Research and Development Expenses

Research and development expenses for the nine months ended September 30, 2018 increased $4,183 as a result of our continued focus on sales of our existing products.

Loss from Operations

The decrease in loss from operations resulted from the higher gross profit partially offset by the increase in operating expenses as described above.

Other Income (Expense)

Other expense for the nine months ended September 30, 2018 consisted of interest expense of $461,276 and a loss on conversion of debt of $129,936. Other expense during the nine months ended September 30, 2017 consisted of interest expense of $636,839.

Net Loss

The lower net loss for the nine months ended September 30, 2018 resulted from a higher gross profit, and lower other expense which was partially offset by higher operating costs as described above. Net loss per common share was $0.03 and $0.05, respectively, for the nine months ended September 30, 2018 and 2017. The weighted average number of shares outstanding for the nine months ended September 30, 2018 and 2017 were 86,819,775 and 58,816,056, respectively.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2017.

The following tables set forth, for the periods indicated, results of operations information from our interim unaudited consolidated financial statements:

	Three Months Ended September 30,		Change	Change
	2018	2017	(Dollars)	(Percentage)
Sales	$ 607,596	$ 383,595	$ 224,001	58.4%
Cost of Goods Sold	209,090	112,386	96,704	86.0%
Gross Profit	398,506	271,209	127,297	46.9%
Operating Expenses:				
Selling General and Administrative	1,042,127	1,028,948	13,179	1.3%
Research and Development	8,587	15,135	(6,548)	(43.3%)
Loss from Operations	(652,208)	(772,874)	120,666	(15.6%)
Other Income (Expense)	(233,885)	(213,090)	(20,795)	9.8%
Net Loss	$ (886,093)	$ (985,964)	$ 99,871	(10.1%)

Sales

Sales of product during the three months ended September 30, 2018 consisted of $554,366 for FireIce® and related products, $28,608 for Soil$_2$O® and $16,725 for FireIce Shield®. FireIce® sales consisted of $329,293 related to product sales to wildland firefighting agencies and the Bahamas and $96,073 related to sales of extinguishers and product to our municipal distributor and to industrial, biomass and electric utility customers and $129,000 for an electric utility transformer room suppression system. The Soil$_2$O® sales consisted of sales of Soil$_2$O® topical of $300 and sales of Soil$_2$O® dust control of $28,308. Sales of FireIce Shield® consisted primarily of sales of FireIce Shield spray bottles of $15,540. Both FireIce® and Soil$_2$O® dust control sales are seasonal in nature with both peak seasons lasting from March through October. We anticipate that FireIce Shield® sales, FireIce Shield CTP sales and FireIce sales to utilities and other industrial customers will be less seasonal. Our FireIce Shield product is gaining acceptance with welders, plumbers and others working under flammable and hot conditions and our FireIce Shield CTP product is gaining acceptance with communication tower contractors. Based on these factors, we expect that our revenues will increase in the future.

Cost of Goods Sold

The increase in cost of goods sold was the result of the increase in sales. Cost of sales as a percentage of sales was 34.4% for the three months ended September 30, 2018 as compared to 29.3% for the three months ended September 30, 2017, primarily due to differences in the product sales mix. We expect future cost of sales as a percentage of sales will be consistent with the cost of sales percentage for the three months ended September 30, 2018, but as always it is dependent upon the sales mix.

Selling, General and Administrative Expenses (SG&A)

The increase in SG&A expenses for the three months ended September 30, 2018 resulted primarily from (1) an increase in salaries and employee benefits of 91,811 due to the increase in commissions as result of higher sales; and (2) an increase in travel expenses of $19,830 as a result of an increase in sales calls and product demonstrations and (3) an increase in facilities of $27,668 as result of the opening of an office in Colorado. These decreases were partially offset by (1) a decrease in professional fees of $34,906; and (2) a decrease of $81,196 in equity based compensation related to fewer option grants during the three months ended September 30, 2018.

Research and Development Expenses

The research and development expenses for the three months ended September 30, 2018 decreased from the prior year for the reason described above under Research and Development Expenses for the nine months ended September 30, 2018.

Loss from Operations

The decrease in the loss from operations for the three months ended September 30, 2018 resulted from the higher gross profit which was only partially offset by the slightly higher operating expenses as described above.

Other Income (Expense)

Other expense for the three months ended September 30, 2018 consisted of interest expense of $103,953 and a loss on conversion of debt of $129,936. Other expense during the three months ended September 30, 2017 consisted of interest expense of $213,090. Interest expense was lower in 2018 due to the debt conversions in September of 2017 and July 2018.

Net Loss

The lower net loss for the three months ended September 30, 2018 resulted from the higher gross profit which were partially offset by the slightly higher operating and other expenses as described above. Net loss per common share was $0.01 and $0.02, respectively, for the three months ended September 30, 2018 and 2017. The weighted average number of shares outstanding for the three months ended September 30, 2018 and 2017 were 96,687,944 and 63,397,165, respectively.

LIQUIDITY AND CAPITAL RESOURCES

A summary of our cash flows is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Net cash used in operating activities	$ (691,232)	$ (836,628)	$ (2,216,164)	$ (2,344,244)
Net cash used in investing activities	(10,000)	(15,952)	(15,067)	(17,209)
Net cash provided by financing activities	649,817	785,662	2,205,419	2,267,678
Net decrease in cash	$ (51,415)	$ (66,918)	$ (25,812)	$ (93,775)

Net Cash Used in Operating Activities

Net cash used during the nine months ended September 30, 2018 resulted primarily from the net loss of $2,963,434, an increase in accounts receivable of $289,682, which were partially offset by the loss on conversion of debt of $129,936, stock- based compensation of $138,362, amortization of debt discounts of $137,265, increases in accrued liabilities of $325,915 and increases in accounts payable and prepaid expenses of $83,081 and $105,972, respectively.

Net cash used during the nine months ended September 30, 2017 resulted primarily from the net loss of $3,064,593 and an increase in inventories and accounts receivable of $210,762 and $181,543, respectively. These were partially offset by stock based compensation of $254,246, increases in accounts payable and accrued liabilities of $114,038 and $461,270, respectively, and a decrease in prepaid expenses of $49,952.

Net Cash Used in Investing Activities

There were no major differences in net cash used in investing activities for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017.

Net Cash Provided By Financing Activities

During the nine months ended September 30, 2018, the Company received $2,180,000 in exchange for 10,722,776 shares of common stock and two year warrants to purchase 5,274,432 shares of common stock at an exercise price of $2.00 per share in connection with private placements with three accredited investors. In addition, the Company issued 484,919 shares of common stock in exchange for $96,000 in connection with private placements with three accredited investors and issued 20,000 shares of common stock in exchange for $3,596 in connection with the exercise of options by an employee. The amounts received were used to make payments on insurance premium finance contracts of $74,177, as well as providing working capital.

During the nine months ended September 30, 2017, the Company received $1,915,000 in exchange for 8,614,801 shares of common stock and two year warrants to purchase 4,450,260 shares of common stock at an exercise price of $2.00 per share in connection with private placements with three accredited investors. The Company also received $200,000 from advances under the credit facility from our president and principal shareholder. In addition, the Company issued two year warrants to purchase 396,926 shares of common stock at an exercise price of $2.00 per share in connection with the advances under the credit facility. The Company also received $210,555 in exchange for 858,250 shares of common stock in connection with a stock purchase agreement with Lincoln Park and received $6,000 in exchange for 25,000 shares of common stock in connection with a private placement with an accredited investor. The amounts received were used to make payments on insurance premium finance contracts of $63,877 as well as providing working capital.

Historical Financings

Since January 1, 2018, the Company has received $96,000 in exchange for issuing 484,919 shares of common stock in private placements with three accredited investors, including 248,757 shares to an employee.

Since January 1, 2018 through the issuance date of this report, the Company has received $2,360,000 in exchange for the issuance of 11,609,988 shares of common stock and two-year warrants to purchase 5,693,038 shares of common stock for $2.00 per share in connection with private placements with three accredited investors, including $885,000 in exchange for 4,191,808 shares and 2,095,904 warrants from our chairman, chief executive officer and principal shareholder.

In August 2017, the Company and Warren Mosler, a 10% shareholder, (the “Investor”) entered into a Stock Purchase Agreement whereby the Investor committed to purchase up to $1,800,000 shares of the Company’s common stock until August 1, 2018. The Company had the right to direct the Investor to purchase up to $150,000 of shares in any calendar month. The price paid for the shares was the closing price of the Company’s common stock on the trading day immediately before the Company delivered its notice to the Investor. Since August 2017 to the filing date of this report, the Investor has purchased 10,695,626 shares for $1,985,000. Although the Investor is no longer required to invest at the Company’s direction, the Investor has continued to invest on terms identical to the terms provided for in the Stock Purchase Agreement.

Liquidity and Capital Resource Considerations

As of November 12, 2018, we had approximately $25,000 in available cash.

In August 2015, GelTech signed a $10 million Stock Purchase Agreement with Lincoln Park. Under the terms and subject to the conditions of the Purchase Agreement, GelTech had the right to sell, and Lincoln Park was obligated to purchase, up to $10 million in shares of the Company’s common stock, subject to certain limitations, from time to time, over the 30-month period commencing on October 16, 2015. As of May 1, 2018, we were no longer able to sell shares to Lincoln Park under the Purchase Agreement and made no sales to Lincoln Park in 2018.

In July 2018, the Company issued 9,379,473 shares of common stock to its chairman, president and principal shareholder upon the conversion of $2.5 million of Secured Convertible Notes. As of the filing date of this report, we have $4,395,000 of outstanding debt owed to Mr. Michael Reger all of which is due December 31, 2020 and bears annual interest of 5%.

Until we generate sufficient revenue to sustain the business, our operations will continue to rely on Mr. Reger's and the Investor's investments. If either Mr. Reger or the Investor were to cease providing us with working capital or we are unable to generate substantial cash flows from sales of our products or complete financings, the Company may not be able to remain operational.

Although we do not anticipate the need to purchase any additional material capital assets in order to carry out our business, it may be necessary for us to purchase additional support vehicles or mixing base equipment in the future, depending on demand.

Related Party Transactions

For information on related party transactions and their financial impact, see Note 5 to the Unaudited Consolidated Financial Statements.

Principal Accounting Estimates

In response to the SEC's financial reporting release, FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, the Company has selected its most subjective accounting estimation processes for purposes of explaining the methodology used in calculating the estimate, in addition to the inherent uncertainties pertaining to the estimate and the possible effects on the Company's financial condition. These estimates involve certain assumptions that if incorrect could create a material adverse impact on the Company's results of operations and financial condition.

There were no material changes to our principal accounting estimates during the period covered by this report.

RECENT ACCOUNTING PRONOUNCEMENTS

For information on recent accounting pronouncements, see Note 1 to the Unaudited Consolidated Financial Statements.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements including our liquidity, anticipated capital asset requirements, expected results from adding additional distributors, opportunities from our already completed R&D, increased revenues and expected increase in sales of our products (including additional agencies using FireIce). Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects" and similar references to future periods.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the failure to receive material orders from the utility and mining companies, global and domestic economic conditions, budgetary pressures facing state and local governments, our failure to receive or the potential delay of anticipated orders for our products, failure to receive acceptance of FireIce® by State and Local governments, or our principal shareholder and/or the Investor suffering unanticipated liquidity issues.

Further information on our risk factors is contained in our filings with the SEC, including our Form 10-K for the year ended December 31, 2017 filed on March 26, 2018. Any forward-looking statement made by us speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable to smaller reporting companies

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, required by Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934 (the "Exchange Act") of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act. Based on their evaluation, our management has concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act 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 1. LEGAL PROCEEDINGS.

From time to time, we are a party to, or otherwise involved in, legal proceedings arising in the normal and ordinary course of business. As of the date of this report, the Company is not a party to any legal proceedings that could have a material effect on the Company's business or financial condition.

ITEM 1A. RISK FACTORS.

Not applicable to smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In addition to those unregistered securities previously disclosed in reports filed with the SEC, we have sold securities without registration under the Securities Act of 1933, or the Securities Act, as described below:

Name or Class of Investor	Date of Sale	No. of Securities	Reason for Issuance
Investor (1)	July 11, and August 28, 2018	630,977 shares of common stock and two year warrants to purchase 291,726 shares at $2.00 per share	Private Placements with one accredited investor

(1) Exempt under Section 4(a)(2) of the Securities Act and Regulation 506(b) thereunder. The securities were issued to accredited investors and there was no general solicitation.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The exhibits listed in the accompanying "Index to Exhibits" are filed or incorporated by reference as part of this Form 10-Q.

SIGNATURES

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

GELTECH SOLUTIONS, INC.

November 13, 2018	/s/ Michael Reger Michael Reger Chief Executive Officer (Principal Executive Officer)
November 13, 2018	/s/ Michael Hull Michael Hull Chief Financial Officer (Principal Financial Officer)

INDEX TO EXHIBITS

No.	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Date	Number	
3.1	Certificate of Incorporation	Sb-2	7/20/07	3.1	
3.1(a)	Certificate of Amendment to the Certificate of Incorporation – Increase of Authorized Capital to 100 million shares of common stock	10-Q	2/12/14	3.2	
3.1(b)	Certificate of Amendment to the Certificate of Incorporation – Increase of Authorized Capital to 150 million shares of common stock	10-Q	2/16/16	3.1(b)	
3.1(c)	Certificate of Amendment to the Certificate of Incorporation – Increase of Authorized Capital to 200 million shares of common stock	10-Q	8/14/18	3.1(c)	
3.2	Amended and Restated Bylaws	Sb-2	7/20/07	3.2	
3.2(a)	Amendment No. 1 to the Amended and Restated Bylaws	10-K	9/28/10	3.3	
3.2(b)	Amendment No. 2 to the Amended and Restated Bylaws	8-K	9/26/11	3.1	
3.2(c)	Amendment No. 3 to the Amended and Restated Bylaws	8-K	9/27/12	3.1	
10.1	Secured Revolving Convertible Promissory Note Agreement – Reger	10-Q	5/8/15	10.1	
10.1(a)	Amendment to Secured Revolving Convertible Promissory Note Agreement – Reger	10-K	3/28/17	10.6(a)	
10.2	Form of Director Option Agreement	10-K	3/28/17	10.12	
10.3	Mosler Stock Purchase Agreement dated August 1, 2017	10-Q	11/8/17	10.4	
10.4	Form of Stock Purchase Agreement - Reger	10-K	9/27/13	10.16	
31.1	Certification of Principal Executive Officer (Section 302)				Filed
31.2	Certification of Principal Financial Officer (Section 302)				Filed
32.1	Certification of Principal Executive Officer and Principal Financial Officer (Section 906)				Furnished*
101 INS	XBRL Instance Document				Filed
101 SCH	XBRL Taxonomy Extension Schema				Filed
101 CAL	XBRL Taxonomy Extension Calculation Linkbase				Filed
101 LAB	XBRL Taxonomy Extension Label Linkbase				Filed
101 PRE	XBRL Taxonomy Extension Presentation Linkbase				Filed
101 DEF	XBRL Taxonomy Extension Definition Linkbase				Filed

* This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our stockholders who make a written request to GelTech Solutions, Inc., 1460 Park Lane South, Suite 1, Jupiter, Florida 33458, Attention: Corporate Secretary.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Reger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GelTech Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) 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 that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2018

/s/ Michael Reger
Michael Reger
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Michael Hull, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GelTech Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) 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 that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2018

/s/ Michael Hull
Michael Hull
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the quarterly report of GelTech Solutions, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Reger, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Reger
Michael Reger
Chief Executive Officer
(Principal Executive Officer)
Dated: November 13, 2018

In connection with the quarterly report of GelTech Solutions, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Hull, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and

2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Hull
Michael Hull
Chief Financial Officer
(Principal Financial Officer)
Dated: November 13, 2018