

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

Form 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2018

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

For the period from _____ to _____

Commission file number: 333-201719

BIOTRICITY INC.

(Exact name of registrant in its charter)

Nevada
State or Other Jurisdiction of
Incorporation or Organization)

47-2548273
(I.R.S. Employer
Identification No.)

275 Shoreline Drive, Suite 150
Redwood City, California 94065
(Address of principal executive offices)

(650) 832-1626

(Registrant's Telephone Number, Including Area Code)

Indicate by check 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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 30,127,176 shares of Common Stock, \$0.001 par value, at February 18, 2019. As at that same date, the Company also has 4,868,484 Exchangeable Shares outstanding that convert directly into common shares, which when combined with its Common Stock produce an amount equivalent to 34,995,660 outstanding voting securities.

BIOTRICITY INC.

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PART 1
FINANCIAL INFORMATION

Item 1 – Condensed Consolidated Financial Statements

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BIOTRICITY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31, 2018 (unaudited) and MARCH 31, 2018 (audited)
(Expressed in US Dollars)

	As at December 31, 2018 (unaudited) \$	As at March 31, 2018 (audited) \$
CURRENT ASSETS		
Cash	25,738	843,643
Accounts receivable, no allowance	123,837	-
Inventory, net	126,092	-
Harmonized sales tax recoverable	55,862	35,737
Deposits and other receivables	108,569	17,046
Total current assets	440,098	896,426
Deposits and other receivables	33,000	33,000
TOTAL ASSETS	473,098	929,426
CURRENT LIABILITIES		
Bank indebtedness	18,152	-
Accounts payable and accrued liabilities <i>[Note 4]</i>	1,305,677	756,179
TOTAL LIABILITIES	1,323,829	756,179
STOCKHOLDERS' (DEFICIENCY) EQUITY		
Preferred stock, \$0.001 par value, 10,000,000 authorized as at December 31, 2018 and March 31, 2018, respectively, 1 share issued and outstanding as at December 31, 2018 and March 31, 2018, respectively <i>[Note 7]</i>	1	1
<i>Common stock, \$0.001 par value, 125,000,000 authorized as at December 31, 2018 and March 31, 2018, respectively.</i>		
<i>Issued and outstanding common shares: 29,534,343 as at December 31, 2018 and 23,713,602 as at March 31, 2018, respectively, and exchangeable shares of 4,868,464 and 8,143,937 outstanding as at December 31, 2018 and March 31, 2018, respectively [Note 7]</i>	34,403	31,858
Shares to be issued <i>[Note 7]</i>	147,350	69,963
Additional paid-in-capital	32,595,145	27,161,984
Accumulated other comprehensive loss	(410,695)	(643,129)
Accumulated deficit	(33,216,935)	(26,447,430)
Total stockholders' (deficiency) equity	(850,731)	173,247
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY	473,098	929,426

Commitments and contingencies *[Note 9]*

Subsequent Events *[Note 10]*

See accompanying notes to condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in US Dollars)

	Three Months Ended December 31, 2018 (unaudited) \$	Three Months Ended December 31, 2017 (unaudited) \$	Nine Months Ended December 31, 2018 (unaudited) \$	Nine Months Ended December 31, 2017 (unaudited) \$
REVENUE	117,640	-	220,060	-
Cost of revenue	27,504	-	84,422	-
NET REVENUE	90,136	-	135,638	-
EXPENSES				
General and administrative expenses [Notes 7, 8 and 9]	1,861,113	1,717,666	6,015,942	3,825,602
Research and development expenses	401,271	377,924	889,201	1,106,658
TOTAL OPERATING EXPENSES	2,262,384	2,095,590	6,905,143	4,932,260
Accretion expense [Note 5]	-	-	-	879,416
Change in fair value of derivative liabilities [Note 6]	-	-	-	20,588
NET LOSS BEFORE INCOME TAXES	(2,172,248)	(2,095,590)	(6,769,505)	(5,832,264)
Income taxes	-	-	-	-
NET LOSS	(2,172,248)	(2,095,590)	(6,769,505)	(5,832,264)
Translation adjustment	222,217	(23,424)	232,434	(193,771)
COMPREHENSIVE LOSS	(1,950,031)	(2,119,014)	(6,537,071)	(6,026,035)
LOSS PER SHARE, BASIC AND DILUTED				
	(0.064)	(0.068)	(0.206)	(0.186)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	33,892,765	30,799,342	32,884,003	31,374,911

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2018 and 2017
(Expressed in US Dollars)

	Nine Months Ended December 31, 2018 (unaudited) \$	Nine Months Ended December 31, 2017 (unaudited) \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(6,769,505)	(5,832,264)
<i>Adjustments to reconcile net loss to net cash used in operations</i>		
Stock based compensation	1,100,686	646,970
Issuance of shares for services	1,025,958	1,325,128
Issuance of warrants for services, at fair value	376,136	272,630
Accretion expense	-	879,416
Change in fair value of derivative liabilities	-	20,588
Fair value of warrants issued	-	-
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	(123,836)	-
Inventory	(126,092)	-
Harmonized sales tax recoverable	(20,125)	(27,052)
Deposits and other receivables	(91,524)	(14,977)
Accounts payable and accrued liabilities	564,927	(507,365)
Net cash used in operating activities	(4,063,375)	(3,236,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	2,959,480	4,860,970
Proceeds from exercise of warrants	50,835	428,311
Bank indebtedness	18,723	-
Net cash provided by financing activities	3,029,038	5,289,281
Effect of foreign currency translation	216,432	5,039
Net (decrease) increase in cash during the period	(1,034,337)	2,052,355
Cash, beginning of period	843,643	424,868
Cash, end of period	25,738	2,482,262

See accompanying notes to unaudited condensed consolidated interim financial statements

BIOTRICITY INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018 (Unaudited)
(Expressed in US dollars)

1. NATURE OF OPERATIONS

Biotricity Inc. (formerly MetaSolutions, Inc.) (the “Company”) was incorporated under the laws of the State of Nevada on August 29, 2012.

iMedical Innovations Inc. (“iMedical”), a wholly-owned subsidiary of the Company, was incorporated on July 3, 2014 under the laws of the Province of Ontario, Canada.

The Company, through its wholly-owned subsidiary iMedical, is engaged in research and development activities within the remote monitoring segment of preventative care. Our efforts to date have been devoted in building technology that enables access to this market through the development of a tangible product.

On February 2, 2016, the Company entered into an exchange agreement with 1061806 BC LTD. (“Callco”), a British Columbia corporation and wholly owned subsidiary (incorporated on February 2, 2016), 1062024 B.C. LTD., a company existing under the laws of the Province of British Columbia (“Exchangeco”), iMedical, and the former shareholders of iMedical (the “Exchange Agreement”), whereby Exchangeco acquired 100% of the outstanding common shares of iMedical, taking into account certain shares pursuant to the Exchange Agreement. These subsidiaries were solely used for the issuance of exchangeable shares in the reverse takeover transaction and have no other transactions or balances. After giving effect to this transaction, the Company acquired all of iMedical’s assets and liabilities and commenced operations through iMedical.

As a result of the Share Exchange, iMedical is a wholly-owned subsidiary of the Company. This transaction has been accounted for as a reverse merger. Consequently, the assets and liabilities and the historical operations reflected in the consolidated financial statements for the periods prior to February 2, 2016 are those of iMedical and are recorded at the historical cost basis. After February 2, 2016, the Company’s consolidated financial statements include the assets and liabilities of both iMedical and the Company and the historical operations of both after that date as one entity.

2. BASIS OF PRESENTATION, MEASUREMENT AND CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) for interim financial information and the Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and Article 8 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with Biotricity’s audited financial statements for the years ended March 31, 2018 and 2017 and their accompanying notes.

The accompanying unaudited condensed consolidated financial statements are expressed in United States dollars (“USD”). In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of financial position and results of operations for the interim periods presented have been reflected herein. Operating results for the nine months ended December 31, 2018 are not necessarily indicative of the results that may be expected for the year ending March 31, 2019. The Company’s fiscal year-end is March 31.

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

Liquidity and Basis of Presentation

The Company is an emerging growth entity that is in the early stages of commercializing its first product and is concurrently in development mode, operating a research and development program in order to develop, obtain regulatory approval for, and commercialize other proposed products. The Company has incurred recurring losses from operations, and as at December 31, 2018, has an accumulated deficit of \$33,216,935 and a working capital deficit of \$883,731. During the nine months ended December 31, 2018, the Company launched its first commercial sales program, having already hired an experienced professional in-house sales team. Management anticipates the Company will improve its liquidity through continued business development and additional equity or debt capitalization. The Company has developed and continues to pursue sources of funding that management believes if successful would be sufficient to support the Company's operating plan and alleviate any substantial doubt as to its ability to meet its obligations at least for one year from the date these condensed consolidated financial statements are issued. As an example of this, the Company filed a shelf registration statement under which it conducted its first registered direct sale of shares during December 2017, which raised gross proceeds of \$2,475,901. In June 2018, the Company conducted a further registered direct sale of shares which raised gross proceeds of \$500,000. The investor, a private equity fund also entered into agreements with the Company to commit themselves to purchase up to \$25 million in additional shares of the Company at the direction and sole discretion of the Company, subject to certain conditions (see Note 7 – *Stockholders' Equity (Deficiency)*).

The Company's operating plan is predicated on a variety of assumptions including, but not limited to, the level of product demand, cost estimates, its ability to continue to raise additional debt and equity financing, the planned repayment dates of outstanding operating liabilities, and the state of the general economic environment in which the Company operates. There can be no assurance that these assumptions will prove to be accurate in all material respects, or that the Company will be able to successfully execute its operating plan. In the absence of additional financing, the Company may have to modify its operating plan to slow down the pace for development and commercialization of its proposed products.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606.

The Bioflux mobile cardiac telemetry device, a wearable device, is worn by patients for a monitoring period up to 30 days. The cardiac data that the device monitors and collects is curated and analyzed by the Company's proprietary algorithms and then securely communicated to a remote monitoring facility for electronic reporting and conveyance to the patient's prescribing physician or other certified cardiac medical professional. Revenues earned with respect to this device are comprised of device sales revenues and technology fee revenues (software as a service). The device, together with its licensed software, is available for sale to the medical center or physician, who is responsible for the delivery of clinical diagnosis and therapy. The remote monitoring, data collection and reporting services performed by the technology culminate in a patient study that is generally billable when it is complete and is issued to the physician. In order to recognize revenue, management considers whether or not the following criteria are met: persuasive evidence of a commercial arrangement exists, and delivery has occurred or services have been rendered. For sales of devices, which are invoiced directly, additional revenue recognition criteria include that the price is fixed and determinable and collectability is reasonably assured; for revenue that is earned based on customer usage of the proprietary software to render a patient's cardiac study, the Company recognizes revenue when the study ends based on a fixed billing rate. Costs associated with providing the services are recorded as the service is provided regardless of whether or when revenue is recognized.

Inventory

Inventory is stated at the lower of cost or net realizable value, cost being determined on a weighted average cost basis, and market being determined as the lower of cost or net realizable value. The Company records write-downs of inventory that is obsolete or in excess of anticipated demand or market value based on consideration of product lifecycle stage, technology trends, product development plans and assumptions about future demand and market conditions. Actual demand may differ from forecasted demand, and such differences may have a material effect on recorded inventory values. Inventory write-downs are charged to cost of revenue and establish a new cost basis for the inventory.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: allowance for doubtful accounts, valuation of inventory, deferred income tax assets and related valuation allowance, accruals and valuation of derivatives, convertible promissory notes, stock options and warrants, as well as assumptions used by management in its assessment of liquidity. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Earnings (Loss) Per Share

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at December 31, 2018 and 2017.

Cash

Cash includes cash on hand and balances with banks. As at December 31, 2018, bank indebtedness represented outstanding cheques.

Foreign Currency Translation

The functional currency of the Company's Canadian-based subsidiary is the Canadian dollar and the US-based parent is the U.S. dollar. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All exchange gains or losses arising from translation of these foreign currency transactions are included in net income (loss) for the period. In translating the financial statements of the Company's Canadian subsidiaries from their functional currency into the Company's reporting currency of United States dollars, balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in cumulative other comprehensive income (loss) in stockholders' equity. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Accounts Receivable

Accounts receivable consists of amounts due to the Company from medical facilities, which receive reimbursement from institutions and third-party government and commercial payors and their related patients, as a result of the Company's normal business activities. Accounts receivable is reported on the balance sheets net of an estimated allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts for estimated uncollectible receivables based on historical experience, assessment of specific risk, review of outstanding invoices, and various assumptions and estimates that are believed to be reasonable under the circumstances, and recognizes the provision as a component of selling, general and administrative expenses. Uncollectible accounts are written off against the allowance after appropriate collection efforts have been exhausted and when it is deemed that a balance is uncollectible.

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash, due to stockholders, accounts receivable, deposits and other receivables, convertible promissory notes, derivative liabilities, and accounts payable. The Company's cash and derivative liabilities, which are carried at fair value, are classified as a Level 1 financial instruments. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Operating Leases

The Company leases office space and certain office equipment under operating lease agreements. The lease term begins on the date of initial possession of the leased property for purposes of recognizing lease expense on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740. The Company provides for federal and provincial income taxes payable, as well as for those deferred because of the timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. The effect of a change in tax rates is recognized as income or expense in the period of the change. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount that is more likely than not to be realized.

Research and Development

Research and development costs, which relate primarily to product and software development, are charged to operations as incurred. Under certain research and development arrangements with third parties, the Company may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Before a product receives regulatory approval, milestone payments made to third parties are expensed when the milestone is achieved. Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product.

Stock Based Compensation

The Company accounts for share-based payments in accordance with the provision of ASC 718, which requires that all share-based payments issued to acquire goods or services, including grants of employee stock options, be recognized in the statement of operations based on their fair values, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense related to share-based awards is recognized over the requisite service period, which is generally the vesting period.

The Company accounts for stock based compensation awards issued to non-employees for services, as prescribed by ASC 718-10, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the guidelines in ASC 505-50. The Company issues compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services.

Convertible Notes Payable and Derivative Instruments

The Company has adopted the provisions of ASU 2017-11, which addresses the accounting for (I) certain financial instruments with down round features and (II) replacement of the indefinite deferral for mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable non-controlling interests with a scope exception. The main provisions of Part I of ASU 2017-11 “change the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity’s own stock. The amendments also clarify existing disclosure requirements for equity-classified instruments. As a result, a freestanding equity-linked financial instrument (or embedded conversion option) no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. For freestanding equity classified financial instruments, the amendments require entities that present earnings per share (EPS) to recognize the effect of the down round feature when it is triggered. That effect is treated as a dividend and as a reduction of income available to common shareholders in basic EPS.” Under previous US GAAP, warrants with a down round feature are not being considered indexed to the entity’s own stock, which results in classification of the warrant as a derivative liability. Under ASU 2017-11, the down round feature qualifies for a scope exception from derivative treatment. ASU 2017-11 is effective for public companies as of December 15, 2018 and interim periods within that fiscal year. Early adoption is permitted, including adoption in an interim period, with adjustments reflected as of the beginning of the fiscal year. The Company has issued financial instruments with down round features. The Company opted to adopt ASU 2017-11 in its three-month interim period ended December 31, 2017, which is effective from April 1, 2017, with adjustments reflected in the accumulated deficit of stockholders’ deficiency as of April 1, 2017. Please refer to Note 6.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, “Changes to Disclosure Requirements for Fair Value Measurements”, which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will be evaluating the impact this standard will have on the Company’s financial statements.

In June 2018, the FASB issued an accounting pronouncement (FASB ASU 2018-07) to expand the scope of ASC Topic 718, Compensation - Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. The Company is currently in the process of evaluating the effects of this pronouncement on the consolidated financial statements, including potential early adoption.

On April 1, 2018, the Company adopted the accounting pronouncement issued by the Financial Accounting Standards Board (“FASB”) to clarify existing guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company adopted this pronouncement on a modified retrospective basis.

On January 1, 2018, the Company adopted the accounting pronouncement issued by the FASB to clarify how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. This guidance requires entities to show changes in the total of cash, cash equivalents and restricted cash in the combined statement of cash flows. This guidance was adopted on a retrospective basis, and such adoption did not have a material impact on combined financial position and/or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions. This ASU is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2018 \$	As at March 31, 2018 \$
Accounts payable	971,719	547,858
Accrued liabilities	333,958	208,321
	<u>1,305,677</u>	<u>756,179</u>

Accounts payable as at December 31, 2018, and March 31, 2018 include \$306,568 and \$161,481, respectively, due to a shareholder and executive of the Company, primarily owing as a result of that individual's capacity as an employee. These amounts are unsecured, non-interest bearing and payable on demand.

5. CONVERTIBLE PROMISSORY NOTES

Prior to April 1, 2016, pursuant to a term sheet offering of up to \$2,000,000, the Company issued convertible promissory notes to various accredited investors amounting to \$1,368,978 in face value. These notes had a maturity date of 24 months and carried an annual interest rate of 11%. The note holders had the right to convert any outstanding and unpaid principal portion of the note, and accrued interest, into fully paid and non-assessable shares of common stock any time until the note was fully paid. The notes had a conversion price initially set at \$1.78. Upon any future financings completed by the Company, the conversion price was to reset to 75% of the future financing pricing. These notes did not contain prepayment penalties upon redemption. These notes were secured by all of the present and after acquired property of the Company. However, the Company could force conversion of these notes, if during the term of the agreement, the Company completed a public listing and the common share price exceeded the conversion price for at least 20 consecutive trading days. At the closing of the notes, the Company paid cash (7%) and issued warrants (7% of the number of common shares into which the notes may be converted) to a broker. The broker received 3% in cash and warrants for those investors introduced by the Company. The warrants had a term of 24 months and a similar reset provision based on future financings.

Pursuant to the conversion provisions, in August 2016, promissory notes in the aggregate face value of \$1,368,978 were converted into 912,652 shares of common stock as detailed below. The fair value of the common shares was \$2,907,912 and \$1,538,934 was allocated to the related derivative liabilities (see note 6) and the balance to the carrying value of the notes.

	\$
Accreted value of convertible promissory notes as at December 31, 2015	783,778
Face value of convertible promissory notes issued during March 2016	175,000
Discount recognized at issuance due to embedded derivatives	(74,855)
Accretion expense for three months March 31, 2016	73,572
Accreted value of convertible promissory notes as at March 31, 2016	957,495
Accretion expense - including loss on conversion of \$88,530	411,483
Conversion of the notes transferred to equity	(1,368,978)
Accreted value of convertible promissory notes at December 31, 2018 and March 31, 2018	-

In March 2016, the Company commenced a bridge offering of up to an aggregate of \$2,500,000 of convertible promissory notes. Up to March 31, 2017, the Company issued, to various investors, a new series of convertible notes (“Bridge Notes”) in the aggregate face value of \$2,455,000 (December 31, 2016 – \$2,230,000). The Bridge Notes had a maturity date of 12 months from issuance and carried an annual interest rate of 10%. The Bridge Notes principal and all outstanding accrued interest were convertible into common stock based on the average of the lowest 3 trading days volume weighted average price over the last 10 trading days plus an embedded warrant at maturity. However, all the outstanding principal and accrued interest would convert into units/securities upon the consummation of a qualified financing, based upon the lesser of: (i) \$1.65 per units/securities and (ii) the quotient obtained by dividing (x) the balance on the forced conversion date multiplied by 1.20 by (y) the actual price per unit/security in the qualified financing. Upon the maturity date of the notes, the Company also has an obligation to issue warrants exercisable into a number of shares of the Company securities equal to (i) in the case of a qualified financing, the number of shares issued upon conversion of the note and (ii) in all other cases, the number of shares of the Company’s common stock equal to the quotient obtained by dividing the outstanding balance by 2.00.

In connection with the Bridge Notes offering, the accreted value of this offering was as follows as at March 31, 2017:

As at March 31, 2017	\$
Face value of Bridge Notes issued	2,455,000
Day one derivative loss recognized during the year	35,249
Discount recognized at issuance due to embedded derivatives	(1,389,256)
Cash financing costs	(174,800)
Accretion expense	630,797
Accreted value of Bridge Notes	1,556,990

On May 31, 2017, all Bridge Notes, having a face value of \$2,436,406, were converted into Units of a private placement offering of the Company’s common stock:

	\$
Accreted value of Bridge Note as of March 31, 2017	1,556,990
Accretion expense	879,416
Conversion of Bridge Notes transferred to equity (Note 7, c)	(2,436,406)
Face value of Bridge Notes as of December 31, 2018 and March 31, 2018	-

The embedded conversion features and reset feature in the notes and broker warrants were initially accounted for as a derivative liability based on FASB guidance that was current at that time (see Note 6).

6. DERIVATIVE LIABILITIES

The *Accounting Pronouncements* ASU 2017-11 provided a change to the classification analysis of certain equity-linked financial instruments (or embedded features) with down round features. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. During the quarter ended December 31, 2017, the Company adopted the provisions of ASU 2017-11 to account for the down round features of its warrants issued with its private placements effective April 1, 2017. The Company used a modified retrospective approach to adoption, which does not restate its financial statements as at the prior year end, March 31, 2017. Adoption is effective as of April 1, 2017, the beginning of the Company's current fiscal year. The cumulative effect of this accounting standard update adjusted accumulated deficit as of April 1, 2017 by \$483,524, with a corresponding adjustment to derivative liabilities:

Balance Sheet Impacts Under ASU 2017-11	As of April 1, 2017
Accumulated Deficit	\$ 483,524
Derivative Liabilities	(483,524)

The impact on the unaudited June 30, 2017 Balance Sheet and Statement of Operations is as follows:

Balance Sheet Impacts Under ASU 2017-11	As of June 30, 2017
Derivative Liabilities	\$ (4,074,312)
Additional Paid in Capital	3,569,248
Accumulated Deficit	483,524

Income Statement Impacts Under ASU 2017-11	As of June 30, 2017
Reversal of change in fair value of derivative liabilities	\$ 21,540

In connection with the sale of debt or equity instruments, the Company may sell options or warrants to purchase its common stock. In certain circumstances, these options or warrants have previously been classified as derivative liabilities, rather than as equity. Additionally, the debt or equity instruments may contain embedded derivative instruments, which in certain circumstances may be required to be bifurcated from the associated host instrument and accounted for separately as a derivative instrument liability.

Previously, the Company's derivative instrument liabilities were re-valued at the end of each reporting period, with changes in the fair value of the derivative liability recorded as charges or credits to income in the period in which the changes occurred. For options, warrants and bifurcated embedded derivative features that were accounted for as derivative instrument liabilities, the Company estimated fair value using either quoted market prices of financial instruments with similar characteristics or other valuation techniques. The valuation techniques require assumptions related to the remaining term of the instruments and risk-free rates of return, our current common stock price and expected dividend yield, and the expected volatility of our common stock price over the life of the option. The details of derivative liabilities (pre and post adoption of ASU 2017-11) were as follows:

	Total \$
Derivative liabilities as at March 31, 2017	2,163,884
Derivative fair value at issuance	3,569,249
Transferred to equity upon conversion of notes (Notes 5 and 7)	(1,700,949)
Change in fair value of derivatives	42,128
Derivative liabilities as at June 30, 2017 (pre-adoption)	4,074,312
Adjustments relating to adoption of ASU 2017-11	
Reversal of fair value	(21,540)
Transferred to accumulated deficit	(483,524)
Transferred to additional paid-in-capital	(3,569,248)
Derivative liabilities as at December 31, 2018 and March 31, 2018 (post adoption)	<u><u>-</u></u>

The lattice methodology was used to value the derivative components, using the following assumptions:

	Assumptions
Dividend yield	0.00%
Risk-free rate for term	0.62% – 1.14%
Volatility	103% – 118%
Remaining terms (Years)	0.01 – 1.0
Stock price (\$ per share)	<u>\$ 2.50 and \$2.70</u>

The projected annual volatility curve for valuation at issuance and period end was based on the comparable company's annual volatility. The Company used market trade stock prices at issuance and period end date.

7. STOCKHOLDERS' EQUITY (DEFICIENCY)

a) Authorized stock

As at December 31, 2018, the Company is authorized to issue 125,000,000 (March 31, 2018 – 125,000,000) shares of common stock (\$0.001 par value) and 10,000,000 (March 31, 2018 – 10,000,000) shares of preferred stock (\$0.001 par value).

At December 31, 2018, there were 29,534,343 (March 31, 2018 – 23,713,602) shares of common stock issued and outstanding. Additionally, at December 31, 2018, there were 4,868,464 (March 31, 2018 – 8,143,937) outstanding exchangeable shares. There is currently one share of the Special Voting Preferred Stock issued and outstanding held by one holder of record, which is the Trustee in accordance with the terms of the Trust Agreement.

b) Exchange Agreement

As initially described in Note 1 above, on February 2, 2016:

- The Company issued approximately 1.197 shares of its common stock in exchange for each common share of iMedical held by the iMedical shareholders who in general terms, are not residents of Canada (for the purposes of the Income Tax Act (Canada)). Accordingly, the Company issued 13,376,947 shares;
- Shareholders of iMedical who in general terms, are Canadian residents (for the purposes of the Income Tax Act (Canada)) received approximately 1.197 Exchangeable Shares in the capital of Exchangeco in exchange for each common share of iMedical held. Accordingly, the Company issued 9,123,031 Exchangeable Shares;
- Each outstanding option to purchase common shares in iMedical (whether vested or unvested) was exchanged, without any further action or consideration on the part of the holder of such option, for approximately 1.197 economically equivalent replacement options with an inverse adjustment to the exercise price of the replacement option to reflect the exchange ratio of approximately 1.197:1;
- Each outstanding warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each warrant, with an inverse adjustment to the exercise price of the warrants to reflect the exchange ratio of approximately 1.197:1
- Each outstanding advisor warrant to purchase common shares in iMedical was adjusted, in accordance with the terms thereof, such that it entitles the holder to receive approximately 1.197 shares of the common stock of the Company for each advisor warrant, with an inverse adjustment to the exercise price of the Advisor Warrants to reflect the exchange ratio of approximately 1.197:1; and
- The outstanding 11% secured convertible promissory notes of iMedical were adjusted, in accordance with the adjustment provisions thereof, as and from closing, so as to permit the holders to convert (and in some circumstances permit the Company to force the conversion of) the convertible promissory notes into shares of the common stock of the Company at a 25% discount to purchase price per share in Biotricity's next offering.

Issuance of common stock, exchangeable shares and cancellation of shares in connection with the reverse takeover transaction as explained above represents recapitalization of capital retroactively adjusting the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

During the nine months ended December 31, 2018, shareholders holding 3,275,478 exchangeable shares with voting rights and other attributes corresponding to the Company's common stock (but with the additional right to cashlessly exchange on a one-for-one basis into common stock) retracted and exchanged their exchangeable shares for the corresponding number of shares of common stock.

c) Share issuances

Share issuances during the year ended March 31, 2018

During the year ended March 31, 2018, the Company sold to accredited investors a further total of 1,282,767 Units, (each Unit consisting of one share of common stock one-half of one warrant to purchase a share of common stock) for gross proceeds of \$2,244,845 (net proceeds of \$1,926,780).

During the year ended March 31, 2018, prior to closing its private placement offering on or about July 31, 2017, the Company sold to accredited investors a further total of 263,188 Units for gross proceeds of \$460,579 (net proceeds of \$413,629). Cash issuance costs of \$46,950 have been adjusted against additional paid in capital. In connection with this private placement, the Company also issued 21,055 broker warrants and 131,594 warrants to investors (refer to warrant issuances).

During the year ended March 31, 2018, the Company completed a registered offering, which raised net proceeds of \$2,520,561 million through the issuance of 450,164 common shares.

Cash issuance costs of \$320,355 relating to the above private placements have been adjusted against additional paid in capital. In connection with the above private placements and conversion of notes as detailed in Note 5, the Company issued broker warrants and warrants to investors having fair values of \$385,635 and \$3,183,614, respectively, which were initially classified as derivative liabilities with corresponding debit to additional paid in capital.

The raising of a total of \$3,000,000 in aggregate proceeds from the common share offering would qualify that offering as a Qualified Financing that would allow the Company, at its discretion, to convert the principal amount of the Bridge Notes (discussed in Note 5), along with accrued interest thereon, into units of the common share offering. Conversion would be based upon the price that is the lesser of: (i) \$1.60 per share and (ii) the quotient obtained by dividing (x) the Outstanding Balance on the conversion date multiplied by 1.20 by (y) the actual price per share in the Qualified Financing. The notes and the warrants were further subject to a “most-favored nation” clause in the event the Company, prior to maturity of the notes, consummates a financing that is not a Qualified Financing. Upon completion of a Qualified Financing, in connection with the conversion of the Bridge Notes, the Company would also pay the Placement Agent up to 8% in cashless broker warrants with an exercise price of \$3.00 and an expiry date of two years from the date of issuance. Based on achieving this milestone, on May 31, 2017, the Company converted Bridge Notes with the aggregate principal amount of \$2,455,000 plus accrued interest thereon, into a further 1,823,020 Units of its common share offering (each of which corresponded to one share and half of one warrant).

During the year ended March 31, 2018, the Company issued an aggregate of 527,941 shares of common stock and has recognized its obligation to issue a further 20,250 shares of common stock (see paragraph d, below), to various consultants. The fair value of these shares amounted to \$1,908,481 were recognized as general and administrative and research and development expenses, as applicable, in the statement of operations, with a corresponding credit to additional paid-in-capital.

During the year ended March 31, 2018, the Company also issued an aggregate of 252,798 shares of its common stock upon exercise of warrants and received \$428,311 of exercise cash proceeds. In addition, during this year, the Company issued 58,795 shares of common stock to brokers who opted to perform cashless exercise of their 108,799 warrants. See paragraph e, below

Share issuances during the nine months ended December 31, 2018

During the nine months ended December 31, 2018, the Company entered into an agreement with a private equity investment fund (the “Investor”) to establish a committed equity purchase facility, which allows the Company, at its sole option, subject to certain conditions, to direct the Investor to make multiple common share purchases that in aggregate can be up to \$25 million (the “Aggregate Amount”) during the term of the facility, which will be up to 36 months. As part of the initial closing of this transaction, the Investor purchased 128,750 shares of common stock of the Company, at a price of \$4,00 per share, for gross proceeds of \$515,000 and paid the Investor \$15,000 in issuance costs. As compensation for providing this equity purchase facility, the Company also issued to the Investor an additional 121,344 shares (representing a dollar value equal to 1.6% of the aggregate amount, or \$400,000, at a price per share that was equal to the average of the closing sale prices of the common shares for the ten (10) consecutive business days prior to the closing date of the transaction). The size and purchase price for each future drawdown under this agreement is governed by the purchase facilities agreement and is predicated on trading volumes as well as the average trading and closing prices of the common stock on the day of drawdown and the prior ten (10) trading days, such that the purchase price is always fixed and know at the time the Company elects to sell shares to the Investor. During the nine months ended December 31, 2018, the Company sold a further 1,694,760 shares under this facility and raised aggregate gross proceeds of \$2,524,480.

During the nine months ended December 31, 2018, the Company issued an aggregate of 372,999 shares of common stock to various advisors, contractors and consultants, including 62,500 shares of common stock to non-executive directors of its Board as part of their annual compensation program. Not including 14,000 shares, that were accounted for as common shares to be issued in relation to issuance obligations as at March 31, 2018, the fair value of the remaining 358,999 shares amounted to \$875,879 and has been expensed to general and administrative expenses in the condensed consolidated statement of operations, with a corresponding credit to additional paid-in-capital.

During the nine months ended December 31, 2018, the Company issued 164,574 shares of common stock upon the exercise of options of its legacy 2015 equity incentive plan; during the same period the Company also issued 62,838 shares of its common stock upon exercise of warrants and received \$50,835 of exercise cash proceeds.

d) Shares to be issued

Common stock to be issued of 211,666 shares (\$147,350) is comprised of:

- 152,916 shares of common stock issued to consultants in connection with services rendered during the quarter with a fair value of \$73,400 and 40,000 shares of common stock issued to non-executive directors of the Company with a fair value of \$19,200; and
- 18,750 shares of common stock to be issued to a consultant, which represents an obligation recognized in prior periods, with a fair value of \$54,750.

The fair value of these shares was determined by using the market price of the common stock as at the date of issuance obligation. As disclosed in Note 10 to the interim condensed consolidated financial statements, 186,666 of the 211,666 shares were subsequently issued.

e) Warrant issuances

Warrant issuances during the year ended March 31, 2018

During December 2017, 112,798 broker warrants were exercised at exercise price of between \$1.04 and \$1.49, such that the Company received cash proceeds of \$124,718. Also during December 2017, 140,000 consultant warrants were exercised at exercise prices between \$2.00 and 2.58, for cash proceeds to the Company of \$303,200.

During March 2018, 108,799 broker warrants were exercised into 58,795 common shares through the cashless exercise. The holder may, in its sole discretion, exercise all or any part of this warrant in a “cashless” or “net-issue” (or cashless) exercise and receive a number of shares calculated by using the following formula: $X = Y (A - B) / A$ with: X = the number of shares to be issued to the holder Y = the number of shares with respect to which the warrant is being exercised A = the fair value per share of common stock on the date of exercise of the warrant B = the then-current exercise price of the warrant.

Warrant issuances during the nine months ended December 31, 2018

During the nine months ended December 31, 2018, the Company issued 508,333 warrants as compensation for advisor and consultant services, which were fair valued at \$376,136 and expensed in general and administrative expenses, with a corresponding credit to additional paid in capital. Their fair value has been estimated using a multi-nomial lattice model with an expected life of 3 years, a risk free rate ranging from 2.13% to 2.81%, stock price of \$0.48 to \$4.15 and expected volatility of 97.8% to 138.27%.

Warrant issuances, exercises and expirations or cancellations during the three months ended December 31, 2018 and preceding periods resulted in warrants outstanding at the end of those respective periods as follows:

	Broker Warrants	Consultant Warrants	Warrants Issued on Conversion of Convertible Notes	Private Placement Warrants	Total
As at March 31, 2017	380,682	916,466	-	390,744	1,687,892
Less: Exercised	(222,690)	(140,000)	-	-	(362,690)
Less: Expired/cancelled	(19,935)	(380,300)	-	-	(400,235)
Add: Issued	246,095	273,806	2,734,530	772,978	4,027,409
As at March 31, 2018	<u>384,152</u>	<u>669,972*</u>	<u>2,734,530</u>	<u>1,163,722</u>	<u>4,952,376</u>
Less: Exercised	(62,838)	-	-	-	(62,838)
Less: Expired/cancelled	-	(31,250)	-	-	(31,250)
Add: Issued	-	65,000	-	-	65,000
As at June 30, 2018	<u>321,314</u>	<u>703,722*</u>	<u>2,734,530</u>	<u>1,163,722</u>	<u>4,923,288</u>
Less: Exercised	-	-	-	-	-
Less: Expired/cancelled	-	-	-	-	-
Add: Issued	-	393,333	-	-	393,333
As at September 30 2018	<u>321,314</u>	<u>1,097,055*</u>	<u>2,734,530</u>	<u>1,163,722</u>	<u>5,316,621</u>
Less: Exercised	-	-	-	-	-
Less: Expired/cancelled	-	(126,250)**	-	-	(126,250)
Add: Issued	-	50,000	-	-	50,000
As at December 31, 2018	<u>321,314</u>	<u>1,020,805*</u>	<u>2,734,530</u>	<u>1,163,722</u>	<u>5,240,371</u>
Exercise Price	\$ 0.78-\$3.00	\$ 0.48-\$7.59	2.00	3.00	
Expiration Date	October 2019 to July 2022	February 2019 to September 2021	March 2020 to November 2022	April 2020 to July 2020	

*Consultant Warrants as at December 31, 2018 include an aggregate of 238,806 warrants provided to an officer of the Company as compensation while he was not a member of any Company options plan.

** Subsequent to December 31, 2018, 84,166 consultant warrants expired unexercised.

f) Warrant exercises

During the nine months ended December 31, 2018, 62,838 warrants were exercised at an average exercise price of approximately \$0.7839. The Company received \$50,835 of cash proceeds.

g) Stock-based compensation

2015 Equity Incentive Plan

On March 30, 2015, iMedical approved its Directors, Officers and Employees Stock Option Plan, under which it authorized and issued 3,000,000 options. This plan was established to enable the iMedical to attract and retain the services of highly qualified and experience directors, officers, employees and consultants and to give such person an interest in the success of the Company. This is a legacy option plan established and utilized prior to the Company's reorganization (see note 7b) *Exchange Agreement*, above). No other grants will be made under this plan. As of March 31, 2018, there were no outstanding vested options and 137,500 unvested options at an exercise price of \$.0001 under this plan. These legacy options represented the right to purchase shares of the Company's common stock using the same exchange ratio of approximately 1.1969:1; thus there were 164,590 (35,907 had been cancelled) adjusted unvested options as at March 31, 2018. During the nine-month period ended December 31, 2018 the remaining 164,590 outstanding options vested and were exercised.

The following table summarizes the stock option activities of the Company:

	Number of options	Weighted average exercise price (\$)
Granted	3,591,000	0.0001
Exercised	(3,390,503)	0.0001
Outstanding as of December 31, 2015	200,497	0.0001
Cancelled during 2016	(35,907)	0.0001
Outstanding as of March 31, 2018	164,590	0.0001
Exercised	(164,590)	0.0001
Outstanding as of December 31, 2018	-	

The fair value of options at the issuance date were determined at \$2,257,953 which were fully expensed during the twelve months ended December 31, 2015 based on vesting period and were included in general and administrative expenses with corresponding credit to additional paid-in-capital. During the twelve months ended December 31, 2015, 3,390,503 (2,832,500 Pre-exchange Agreement) options were exercised by those employees who met the vesting conditions; 50% of the grants either vest immediately or at the time of U.S. Food and Drug Administration (FDA) filing date and 50% will vest upon Liquidity Trigger. Liquidity Trigger means the day on which the board of directors resolve in favor of i) the Company is able to raise a certain level of financing; ii) a reverse takeover transaction that results in the Company being a reporting issuer, and iii) initial public offering that results in the Company being a reporting issuer.

2016 Equity Incentive Plan

On February 2, 2016, the Board of Directors of the Company approved 2016 Equity Incentive Plan (the "Plan"). The purpose of the Plan is to advance the interests of the Company and its stockholders by providing an incentive to attract, retain and reward persons performing services for the Company and by motivating such persons to contribute to the growth and profitability of the Company. The Plan seeks to achieve this purpose by providing for awards in the form of options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares, performance units and other stock-based awards.

The Plan shall continue in effect until its termination by the board of directors or committee formed by the board; provided, however, that all awards shall be granted, if at all, on or before the day immediately preceding the tenth (10th) anniversary of the effective date. The maximum number of shares of stock that may be issued under the Plan shall be equal to 3,750,000 shares; provided that the maximum number of shares of stock that may be issued under the Plan pursuant to awards shall automatically and without any further Company or shareholder approval, increase on January 1 of each year for not more than 10 years from the effective date, so the number of shares that may be issued is an amount no greater than 15% of the Company's outstanding shares of stock and shares of stock underlying any outstanding exchangeable shares as of such January 1; provided further that no such increase shall be effective if it would violate any applicable law or stock exchange rule or regulation, or result in adverse tax consequences to the Company or any participant that would not otherwise result but for the increase.

During July 2016, the Company granted an officer options to purchase an aggregate of 2,499,998 shares of common stock at an exercise price of \$2.20 subject to a 3 year vesting period, with the fair value of the options being expensed over a 3 year period. Two additional employees were also granted 175,000 options to purchase shares of common stock at an exercise price of \$2.24 with a 1 year vesting period, with the fair value of the options being expensed over a 1 year period. One additional employee was also granted 35,000 options to purchase shares of common stock at an exercise price of \$2.24 with a 2 year vesting period, with the fair value of the options expensed over a 2 year period.

During the year ended March 31, 2018, an additional 1,437,500 stock options were granted with a weighted average remaining contractual life from 2.76 to 9.51 years.

During the nine months ended December 31, 2018, as part of their approved compensation, the Company granted its non-executive directors options to purchase an aggregate of 62,500 shares of common stock at an exercise price of \$2.00, with an aggregate fair value of \$31,959, subject to a 1-year vesting period. Six employees were also granted 95,000 options to purchase shares of common stock at exercise prices ranging from \$1.40 to \$1.84 per share, subject to a 3 year graded vesting period, with fair value of the options of \$41,825 being expensed over that respective period. The Company also issued an additional 100,000 options, with a fair value of \$81,688, to an employee to purchase shares of common stock at an exercise price of \$1.75 with a 1-year vesting period, with the fair value of the options being expensed over a 1-year period.

As of December 31, 2018, the cumulative grant-date fair value of the options granted under the Plan was \$3,945,501 (December 31, 2017 - \$2,439,493). The following table summarizes the stock option activities of the Company:

	Number of options	Weighted average exercise price (\$)
Granted	4,147,498	3.2306
Exercised	-	-
Outstanding as of June 30 and March 31, 2018	4,147,498	3.2306
Granted	257,500	1.8000
Exercised	-	-
Outstanding as of December 31, 2018	4,404,998	3.1470

During the three and nine months ended December 31, 2018, the Company recorded stock-based compensation of \$372,523 and \$1,100,686, respectively, in connection with the 2016 equity incentive plan (December 31, 2017 – \$204,815 and \$646,971, respectively) under general and administrative expenses with a corresponding credit to additional paid in capital.

The fair value of each option granted is estimated at the time of grant using multi-nomial lattice model using the following assumptions:

	2017-2018	2016-2017	2015-2016
Exercise price (\$)	1.24-7.59	2.00 – 2.58	0.0001
Risk free interest rate (%)	1.98-2.81	0.45 - 1.47	0.04 - 1.07
Expected term (Years)	3.0	1.0 - 3.0	10.0
Expected volatility (%)	97.8-145.99	101 – 105	94
Expected dividend yield (%)	0.00	0.00	0.00
Fair value of option (\$)	0.60	0.88	0.74
Expected forfeiture (attrition) rate (%)	0.00	0.00 – 5.00	5.00 - 20.00

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's transactions with related parties were carried out on normal commercial terms and in the course of the Company's business. Other than those disclosed elsewhere in the financial statements, related party transactions are as follows:

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2017
	\$	\$	\$	\$
Salary and allowance*	180,333	165,052	544,106	435,156
Stock based compensation**	316,544	183,981	1,060,712	558,453
Total	496,877	349,033	1,604,818	993,609

The above expenses were recorded under general and administrative expenses.

* Salary and allowance include salary, car allowance, vacation pay, bonus and other allowances paid or payable to key management of the Company.

** Stock based compensation represent the fair value of the options, warrants and equity incentive plan for directors and key management of the Company.

9. COMMITMENTS AND CONTINGENCIES

On January 8, 2016, the Company entered into a 40-month lease agreement for its office premises in California, USA. The monthly rent from the date of commencement to the 12th month is \$16,530, from the 13th to the 24th month is \$17,026, from the 25th to the 36th month is \$17,536, whereas the final 3 months is \$18,062.

There are no claims against the company that were assessed as significant, which were outstanding as at December 31, 2018 and, consequently, no provision for such has been recognized in the consolidated financial statements.

10. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to February 19, 2019, the date the condensed consolidated financial statements were issued, pursuant to the requirements of ASC 855 and has determined the following material subsequent events:

On January 9, 2019, pursuant to two purchase agreements, the Company sold to two accredited investors a total of \$400,000 in principal amount of notes. The notes are non-convertible, bear an interest rate of 10% per year and mature on January 9, 2020.

During the period of January 1, 2019 through February 18, 2019, the Company issued an aggregate of 324,500 common shares under its common share finance facility with a private equity firm (the "Investor"). The size and purchase price for each drawdown is governed by the purchase facilities agreement and is predicated on trading volumes as well as the average trading and closing prices of the common stock on the day of drawdown and the prior ten (10) trading days, such that the purchase price is always fixed and known at the time the Company elects to sell shares to the Investor. On January 23, 2019, the Company issued 186,666 shares to partially satisfy its obligations to issue the shares that were classified as shares to be issued as at December 31, 2018. On February 18, 2019, the Company also further issued 41,667 shares as compensation to an officer of the Company and 40,000 as compensation to a consultant.

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

Except for historical information contained herein, this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Important assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements, include but are not limited to: (a) any fluctuations in sales and operating results; (b) risks associated with international operations; (c) regulatory, competitive and contractual risks; (d) development risks; (e) the ability to achieve strategic initiatives, including but not limited to the ability to achieve sales growth across the business segments through a combination of enhanced sales force, new products, and customer service; (f) competition in the Company’s existing and potential future product lines of business; (g) the Company’s ability to obtain financing on acceptable terms if and when needed; (h) uncertainty as to the Company’s future profitability; (i) uncertainty as to the future profitability of acquired businesses or product lines; and (j) uncertainty as to any future expansion of the Company. Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements and the failure of such assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements, except as may be required under applicable law. Past results are no guaranty of future performance. You should not place undue reliance on any forward-looking statements, which speak only as of the dates they are made. When used in this Report, the words “believes,” “anticipates,” “expects,” “estimates,” “plans,” “intends,” “will” and similar expressions are intended to identify forward-looking statements.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and footnotes thereto included in this Quarterly Report on Form 10-Q (the “Financial Statements”).

Company Overview

Biotricity Inc. (“Company”, “Biotricity”, “we”, “us” or “our ”)

We are a medical technology company focused on biometric data monitoring solutions. Our aim is to deliver innovative, remote monitoring solutions to the medical, healthcare, and consumer markets, with a focus on diagnostic and post-diagnostic solutions for lifestyle and chronic illnesses. We approach the diagnostic side of remote patient monitoring by applying innovation within existing business models where reimbursement is established. We believe this approach reduces the risk associated with traditional medical device development and accelerates the path to revenue. In post-diagnostic markets, we intend to apply medical grade biometrics to enable consumers to self-manage, thereby driving patient compliance and reducing healthcare costs. We are first focusing on a segment of the diagnostic mobile cardiac telemetry market, otherwise known as MCT.

To date, we have developed our Bioflux MCT technology which is comprised of a monitoring device and software component, verified our business model, and built strategic partnerships to accelerate our market strategy and growth. We started commercial sale of our technology to customers in April 2018. Starting with a small sales force to assist in establishing a limited market review with key anchor customers in 6 key cardiac markets across the United States has allowed the Company to place 244 of its devices in the field as at December 31, 2018. The Company plans to grow its sales force in order to address new markets and achieve sales penetration in the markets currently served. The Company is also developing several other ancillary technologies, which will require application for further FDA clearances, which the Company anticipates applying for during 2019.

We have established a research partnership with the University of Calgary to determine the predictive value of electrocardiogram (ECG) readings in preventative healthcare applications. The study is designed to identify novel patterns in ECG readings that may be translated into probability models for use in the development of proprietary algorithms for diagnostic applications, and to determine if ECG readings have predictive value for use in preventative healthcare applications, such as self-managed care. The research is partly funded by the National Research Council of Canada. As part of the collaboration, we have the right to license any intellectual property discovered, created or reduced to practice in the performance of the collaboration that was created solely by the University's personnel. Otherwise, we own all intellectual property resulting from the collaboration. The term of the collaboration is until December 31, 2020.

We were incorporated on August 29, 2012 in the State of Nevada under the name Metasolutions, Inc. Effective as of February 1, 2016, we changed our name to Biotricity Inc. On February 2, 2016, we acquired iMedical Innovation Inc., a company existing under the laws of Canada, through our indirect subsidiary 1062024 B.C. LTD., a company existing under the laws of the Province of British Columbia. Immediately prior to the closing of the acquisition, we transferred all of the then-existing business, properties, assets, operations, liabilities and goodwill of the Company, to W270 SA, a Costa Rican corporation. Accordingly, as of immediately prior to the closing of the acquisition, we had no assets or liabilities, and subsequent to the closing we commenced operations through iMedical. As a result, we treated the acquisition as a reverse merger and recapitalization for accounting purposes, with iMedical as the acquirer for accounting purposes.

Critical Accounting Policies

The Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are expressed in United States Dollars. Significant accounting policies are summarized below:

Revenue Recognition

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606.

Our Bioflux mobile cardiac telemetry device, a wearable device, is worn by patients for a monitoring period up to 30 days. The cardiac data that the device monitors and collects is curated and analyzed by our proprietary algorithms and then securely communicated to a remote monitoring facility for electronic reporting and conveyance to the patient's prescribing physician or other certified cardiac medical professional. Revenues earned with respect to this device are comprised of device sales revenues and technology fee revenues (software as a service). The device, together with its embedded licensed software, is available for sale to the medical center or physician, who is responsible for the delivery of clinical diagnosis and therapy. The remote monitoring, data collection and reporting services performed by our technology culminate in a patient study that is generally billable when it is complete and is issued to the physician. In order to recognize revenue, we consider whether or not the following criteria are met: persuasive evidence of a commercial arrangement exists, and delivery has occurred, or services have been rendered. For sales of devices, which we invoice directly, additional revenue recognition criteria include that the price is fixed and determinable and collectability is reasonably assured; for revenue that is earned based on customer usage of our proprietary software to render a patient's cardiac study, we recognize revenue based on a fixed billing rate. If all revenue recognition criteria are met, revenue is recognized upon delivery of the patient study, on an accrual basis. Costs associated with providing our services are recorded as the service is provided regardless of whether or when revenue is recognized.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance, accruals and valuation of derivatives, convertible promissory notes, stock options and warrants, as well as assumptions used by management in its assessment of liquidity. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Earnings (Loss) Per Share

We have adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at December 31, 2018.

Cash

Cash includes cash on hand and balances with banks. As at December 31, 2018, bank indebtedness represented outstanding cheques.

Accounts Receivable, net

Accounts receivable consists of amounts due to the Company from medical facilities, which receive reimbursement from institutions and third-party government and commercial payors and their related patients, as a result of the Company's normal business activities. Accounts receivable is reported on the balance sheets net of an estimated allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts for estimated uncollectible receivables based on historical experience, assessment of specific risk, review of outstanding invoices, and various assumptions and estimates that are believed to be reasonable under the circumstances, and recognizes the provision as a component of selling, general and administrative expenses. Uncollectible accounts are written off against the allowance after appropriate collection efforts have been exhausted and when it is deemed that a balance is uncollectible.

Foreign Currency Translation

The functional currency of the US-based company is the US dollar and the Canadian-based company is the Canadian dollar. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All exchange gains or losses arising from translation of these foreign currency transactions are included in net income (loss) for the year. In translating the financial statements of the Company's Canadian subsidiaries from their functional currency into the Company's reporting currency of US dollars, balance sheet accounts are translated using the closing exchange rate in effect at the balance sheet date and income and expense accounts are translated using an average exchange rate prevailing during the reporting period. Adjustments resulting from the translation, if any, are included in cumulative other comprehensive income (loss) in stockholders' equity. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Fair Value of Financial Instruments

Accounting Standards Codification Topic 820 “Fair Value Measurements and Disclosures” (“ASC 820”) defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management’s best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash and accounts payable. Our cash, which is carried at fair value, is classified as a Level 1 financial instrument. Our bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Income Taxes

We account for income taxes in accordance with ASC 740. We provide for federal and provincial income taxes payable, as well as for those deferred because of the timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. The effect of a change in tax rates is recognized as income or expense in the period of the change. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount that is more likely than not to be realized.

Inventory

Inventory is stated at the lower of cost or net realizable value, cost being determined on a weighted average cost basis, and market being determined as the lower of cost or net realizable value. The Company records write-downs of inventory that is obsolete or in excess of anticipated demand or market value based on consideration of product lifecycle stage, technology trends, product development plans and assumptions about future demand and market conditions. Actual demand may differ from forecasted demand, and such differences may have a material effect on recorded inventory values. Inventory write-downs are charged to cost of revenue and establish a new cost basis for the inventory.

Research and Development

We are engaged in research and development work. Research and development costs, which relate primarily to software development, are charged to operations as incurred. Under certain research and development arrangements with third parties, we may be required to make payments that are contingent on the achievement of specific developmental, regulatory and/or commercial milestones. Before a product receives regulatory approval, milestone payments made to third parties are expensed when the milestone is achieved. Milestone payments made to third parties after regulatory approval is received are capitalized and amortized over the estimated useful life of the approved product. Research and development costs were \$401,271 for the three months ended December 31, 2018, compared to \$377,924 for the corresponding periods ended December 31, 2017.

Impairment of Long-Lived Assets

In accordance with ASC Topic 360-10, we review the carrying amount of long-lived assets for the existence of facts or circumstances, both internally and externally, that suggest impairment. We determine if the carrying amount of a long-lived asset is impaired based on anticipated undiscounted cash flows, before interest, from the use of the asset. In the event of impairment, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined based on appraised value of the assets or the anticipated cash flows from the use of the asset or asset group, discounted at a rate commensurate with the risk involved.

Stock Based Compensation

We account for share-based payments in accordance with the provision of ASC 718, which requires that all share-based payments issued to acquire goods or services, including grants of employee stock options, be recognized in the statement of operations based on their fair values, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense related to share-based awards is recognized over the requisite service period, which is generally the vesting period.

We account for stock based compensation awards issued to non-employees for services, as prescribed by ASC 718-10, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the guidelines in ASC 505-50. We issue compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services.

Operating Leases

We lease office space and certain office equipment under operating lease agreements. The lease term begins on the date of initial possession of the leased property for purposes of recognizing lease expense on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

Convertible Notes Payable and Derivative Instruments

We account for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40.

We account for convertible notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, we record, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, “Changes to Disclosure Requirements for Fair Value Measurements”, which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company will be evaluating the impact this standard will have on the Company’s financial statements.

In June 2018, the FASB issued an accounting pronouncement (FASB ASU 2018-07) to expand the scope of ASC Topic 718, Compensation - Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. We are currently in the process of evaluating the effects of this pronouncement on our consolidated financial statements, including potential early adoption.

On April 1, 2018, the Company adopted the accounting pronouncement issued by the Financial Accounting Standards Board (“FASB”) to clarify existing guidance on revenue recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company adopted this pronouncement on a modified retrospective and such adoption did not have a material impact on our financial position and/or results of operations.

On January 1, 2018, the Company adopted the accounting pronouncement issued by the FASB to clarify how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. This guidance requires entities to show changes in the total of cash, cash equivalents and restricted cash in the combined statement of cash flows. This guidance was adopted on a retrospective basis, and such adoption did not have a material impact on combined financial position and/or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions. This ASU is effective for annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company does not believe the guidance will have a material impact on its consolidated financial statements.

Results of Operations

As disclosed at the time of receiving the recent final Food and Drug Administration clearance, Biotricity immediately commenced the third-party manufacture of devices and hired its initial go-to-market sales force, choosing to launch limited market reviews of its device and the workflows associated with doctor and patient use, including the operations of the monitoring centers that this workflow entails. Though they can entail small amounts of revenue, the primary focus of these limited market reviews is the development of key opinion leaders that will work with the Company to improve the use of the device and all of the associated workflows in order to enhance commercialization and sales penetration in the areas we have chosen for initial launch.

From its inception in July 2009 through to December 31, 2018, Biotricity has generated a deficit of \$33,216,935. We expect to incur additional operating losses, principally because of the anticipated initial limited sales we expect to be associated with a measured and well-executed commercialization path for Bioflux, our planned first product, as well as anticipated costs of continued research and development associated with product improvement and new product development. As we approach final stages of the commercialization, we also expect to devote significant resources towards capital expenditures in order to install an adequate operating infrastructure that can provide excellent customer service and sales support.

Three and Nine Months Ended December 31, 2018 and December 31, 2017

Operating Revenues and Expenses

The Company commenced commercialization of its first product on April 1, 2018, rolling out a limited market review to carefully rollout of its sales program to identified anchor customers in targeted areas of the U.S. During this period, the Company has used intelligence gained from its anchor clients to enhance its workflow, its monitoring and reporting capabilities, as well as its infrastructure, to expand the capabilities of its device. This device is a true four-in-one device, offering the ability to not only perform MCT studies, but to also outperform much of its competition by also providing Holter, Event Loop and Extended Holter reporting. Based on these customer facing enhancements that improve customer service and its success with its initial limited market review, the Company is now in a position to expand commercialization of its first product beyond the initial limited launch.

Revenues that have been earned are comprised of device sales revenues and technology fee revenues (software as a service). The device, together with its embedded licensed software, is available for sale to the medical center or physician, who is responsible for the delivery of clinical diagnosis and therapy. The remote monitoring, data collection and reporting services performed by our technology culminate in a patient study that is generally billable when it is complete and is issued to the physician. Recurring software service fee revenues are earned on each patient study conducted and these recurring revenues are expected to grow based on the number of devices sold. In this initial nine-month period, the Company has earned total gross revenues of \$220,060, comprised of device sales revenues of \$86,800 and software technology service fees of \$133,260, respectively. Recurring revenues from this latter category have grown a little over 200% during the three months ended December 31, 2018, when compared to the immediately preceding three month period.

Gross profit margins for the three and nine months ended December 31, 2018 were 76.6% and 61.6% respectively.

Total operating expenses for the three and nine month periods ended December 31, 2018 were \$2,262,384 and \$6,905,143, compared to \$2,095,590 and 4,932,260, respectively, for the three and nine month periods ended December 31, 2017, as further described below.

For the three and nine month period ended December 31, 2018, we incurred general and administrative expenses of \$1,868,113 and \$6,015,942 compared to \$1,717,666 and \$3,825,602, respectively for the three and nine month periods ended December 31, 2017. The increases were primarily due to increased payroll and compensation-related expenses associated with commercialization, including the building of a new sales force, as well as administrative and engineering staff to support customer deployment and further development of our products and processes; the increase was also due to professional fees, product marketing and promotion and other operating infrastructure required for the launch of a developed product.

For the three and nine month periods ended December 31, 2018, we incurred research and development expenses of \$401,271 and \$889,201, compared to research and development expenses of \$377,924 and \$1,106,658 for the three and nine month periods ended December 31, 2017. These expenses vary based on efforts to improve the Bioflux and pursue development of future products and other product enhancements.

Net Loss

Net loss for the three and nine months ended December 31, 2018 was \$2,172,248 and \$6,769,505 compared to a net loss of \$2,095,590 and \$5,832,264, during the three and nine months ended December 31, 2017, resulting in a loss per share of \$0.064 and \$0.206, respectively, for the three and nine month periods ended December 31, 2018 (December 31, 2017 - \$0.068 and \$0.186).

Translation Adjustment

Translation adjustment for the three and nine month periods ended December 31, 2018 was a gain of \$222,217 and a gain of \$232,434 respectively, as compared to losses of \$23,424 and \$193,771, respectively, for the three and nine months ended December 31, 2017. This translation adjustment represents gains/losses that resulted from the translation of currency in the financial statements, from our functional currency of Canadian dollars to the reporting currency in U.S. dollars.

Liquidity and Capital Resources

The Company is in development mode, operating a research and development program to develop, obtain regulatory approval for, and commercialize its proposed products.

We generally require cash to:

- fund our operations and working capital requirements,
- develop and execute our product development and market introduction plans,
- fund research and development efforts, and
- pay any debt obligations as they come due.

As a result of its being in development-mode, the Company has incurred recurring losses from operations, and as at December 31, 2018, has an accumulated deficit of \$33,216,935. Management anticipates the Company will improve its liquidity through continued business development and additional debt or equity investment in the Company. To do this, the Company has developed and continues to pursue sources of funding, including but not limited to those described below.

During the nine months ended December 31, 2018, the Company entered into an arrangement with a private equity firm, to establish facility that allows it to raise up to \$25 million in additional capital through sales of common stock, at its discretion, subject to certain conditions. During the nine months ended December 31, 2018, the Company raised \$3,039,480 in gross proceeds through sales of shares under this facility. Measured, discretionary use of this facility and any additional equity financing that the Company may undertake will be dilutive to existing stockholders.

In order to conserve its cash resources, the Company issues shares as compensation of some of its consultants. During the nine months ended December 31, 2018, the Company issued 508,333 shares of common stock as compensation to consultants that provide contractual services.

As we proceed with the commercialization of the Bioflux product development, we have devoted and expect to continue to devote significant resources in the areas of capital expenditures and research and development costs and operations, marketing and sales expenditures. We expect to require additional funds to further develop our business plan, including the continued commercialization of the Bioflux and the later introduction of Biolife products. Based on our current operating plans, we will require approximately \$4 million to grow our sales team and prudently establish further supporting infrastructure, as well as order devices that will be placed in the field to produce revenue (\$7 million, if we were to further accelerate our commercialization plans). A portion of these funds will also go towards the further development of Bioflux in its next generation, including the marketing, sales, regulatory and the gathering of clinical intelligence that will provide leverage in introducing the product and providing high quality service to the market place. Since it is impossible to predict with certainty the timing and amount of funds required to launch the Bioflux and Biolife product into new geographies and markets, we anticipate that we will need to raise additional funds through equity or debt offerings. Funds will also be required in order to develop and commercialize our other proposed products and to meet our expected future liquidity requirements.

Based on the above facts and assumptions, we believe our existing sources of cash and cash equivalents, along with other anticipated near-term financings, will be sufficient to meet our needs for the next twelve months from the filing date of this Quarterly Report on Form 10-Q. We will nonetheless need to issue additional debt or equity capital to respond to business opportunities and challenges, including ongoing operating expenses, the protection of our intellectual property, the commercial pursuit of developing or acquiring new lines of business and the enhancement of our operating infrastructure. The terms of our future financings may be dilutive to, or otherwise adversely affect, holders of our common stock. We may also seek additional funds through arrangements with collaborators or other third parties. There can be no assurance we will continue to meet the conditions required to be able to sell shares under our current equity facility or that we will be able to raise this additional capital on acceptable terms, or at all. If we are unable to obtain additional funding on a timely basis, we may be required to modify our operating plan and otherwise curtail or slow the pace of development and commercialization.

Net Cash Used in Operating Activities

During the nine months ended December 31, 2018, we used cash in operating activities of \$4,063,375 compared to \$3,236,926 for the nine months ended December 31, 2017. These activities involved expenditures undertaken on business development, marketing and operating activities, as well as continued research and product development.

Net Cash from Financing Activities

Net cash provided by financing activities was \$3,029,038 for the nine months ended December 31, 2018 compared to \$5,289,281 for the nine months ended December 31, 2017. Financing activities during the nine months ended December 31, 2018 primarily related to the establishment of the Company's committed facility discussed above, whereas activities of the corresponding prior year period related to funds that were previously raised through a private placement offering of equity to accredited investors.

Net Cash Used in Investing Activities

The Company did not use any net cash in investing activities in the nine month periods ended December 31, 2018 and 2017.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). The Company's disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching the Company's desired disclosure control objectives. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company's certifying officers have concluded that the Company's disclosure controls and procedures are effective in reaching that level of assurance. Internal control systems, no matter how well designed and operated, have inherent limitations. Therefore, even a system which is determined to be effective cannot provide absolute assurance that all control issues have been detected or prevented. Our systems of internal controls are designed to provide reasonable assurance with respect to financial statement preparation and presentation.

At the end of the period being reported upon, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that the material information required to be included in our Securities and Exchange Commission reports is accumulated and communicated to our management, including our principal executive and financial officer, as well as recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms relating to the Company.

Changes in Internal Controls

There were no changes in the Company's internal controls over financial reporting that occurred during the three-month period ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**PART II
OTHER INFORMATION**

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

Not required for smaller reporting companies.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

[31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

[32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

101.1 XBRL Instance.

101.SCH XBRL Taxonomy Extension Schema.

101.CAL XBRL Taxonomy Extension Calculation.

101.DEF XBRL Taxonomy Extension Definition.

101.LAB XBRL Taxonomy Extension Labels.

101.PREXBRL Taxonomy Extension Presentation.

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, this 19th day of February 2019.

BIOTRICITY INC.

By: /s/ Waqaas Al-Siddiq
Name: Waqaas Al-Siddiq
Title: Chief Executive Officer
(principal executive officer)

By: /s/ John Ayanoglou
Name: John Ayanoglou
Title: Chief Financial Officer
(principal financial and accounting officer)

BIOTRICITY INC.

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Waqaas Al-Siddiq, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity 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 subsidiary, 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: February 19, 2019

/s/ Waqaas Al-Siddiq

Waqaas Al-Siddiq
Chief Executive Officer
(principal executive officer)

BIOTRICITY INC.

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, John Ayanoglou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Biotricity 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 subsidiary, 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: February 19, 2019

/s/ John Ayanoglou

John Ayanoglou
(Principal Financial Officer and Principal Accounting Officer)

BIOTRICITY INC.

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

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the "Company") for the quarterly period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Waqaas Al-Siddiq, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 19, 2019

/s/ Waqaas Al-Siddiq

Chief Executive Officer
(principal executive officer)

BIOTRICITY INC.

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

In connection with the Quarterly Report on Form 10-Q of Biotricity Inc. (the "Company") for the quarterly period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Ayanoglou, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: February 19, 2019

/s/ John Ayanoglou

John Ayanoglou

(Principal Financial Officer and Principal Accounting Officer)