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

Form 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2017

[ ] 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.

(Name of Registrant in Its Charter)

Nevada	**47-2548273**
State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

275 Shoreline Drive, Suite 150
Redwood City, California 94065
(Address of principal executive offices)
(800) 590-4155

(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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation 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 and post such files). Yes [X] No[ ]

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

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]
Emerging growth company [X]	

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. [X]

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 23,268,659 shares of Common Stock, $0.001 par value, at February 12, 2018. The Company also has 8,443,172 Exchangeable Shares outstanding as of February 12, 2018, that convert directly into common shares, which when combined with its Common Stock produce an amount equivalent to 31,711,831 outstanding voting securities.

BIOTRICITY, INC.

Part I – Financial Information

Item 1 – Condensed Consolidated Financial Statements	1
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3 – Quantitative and Qualitative Disclosures About Market Risk	31
Item 4 - Controls and Procedures	32
Part II - Other Information	
Item 1 - Legal Proceedings	33
Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds	33
Item 3 – Defaults Upon Senior Securities	33
Item 4 – Mine Safety Disclosures	33
Item 5 - Other Information	33
Item 6 - Exhibits	33
Signatures	34

PART 1
FINANCIAL INFORMATION

Item 1 – Condensed Consolidated Financial Statements
Condensed Consolidated Balance Sheets at December 31, 2017 **(unaudited)** and March 31, 2017 **(audited)** 2

Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and nine months ended December 31, 2017 and 2016 **(unaudited)** 3

Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 2017 and 2016 **(unaudited)** 4

Notes to the Condensed Consolidated Financial Statements 5

BIOTRICITY INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

	As at December 31, 2017 (unaudited) $	As at March 31, 2017 (audited) $
CURRENT ASSETS		
Cash	**2,482,262**	424,868
Harmonized sales tax recoverable	**27,991**	939
Deposits and other receivables	**29,682**	14,705
Total current assets	**2,539,935**	440,512
Deposits and other receivables	**33,000**	33,000
TOTAL ASSETS	**2,572,935**	473,512
CURRENT LIABILITIES		
Accounts payable and accrued liabilities *[Note 4]*	**630,089**	1,137,454
Convertible promissory notes *[Note 5]*	**-**	1,556,990
Derivative liabilities *[Note 6]*	**-**	2,163,884
TOTAL LIABILITIES	**630,089**	4,858,328
STOCKHOLDERS' EQUITY (DEFICIENCY)		
Preferred stock, $0.001 par value, 10,000,000 authorized as at December 31, 2017 and March 31, 2017, respectively, 1 share issued and outstanding as at December 31, 2017 and March 31, 2017, respectively *[Note 7]*	**1**	1
Common stock, $0.001 par value, 125,000,000 authorized as at December 31, 2017 and March 31, 2017, respectively. Issued and outstanding common shares: 22,407,274 as at December 31, 2017 and 18,075,848 as at March 31, 2017, respectively, and exchangeable shares of 9,123,031 outstanding as at December 31, 2017 and March 31, 2017, respectively *[Note 7]*	**31,531**	27,199
Shares to be issued *[Note 7]*	**601,729**	**-**
Additional paid-in-capital	**25,594,234**	14,308,583
Accumulated other comprehensive loss	**(628,694)**	(413,384)
Accumulated deficit	**(23,655,955)**	(18,307,215)
Total stockholders' equity (deficiency)	**1,942,846**	(4,384,816)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	**2,572,935**	473,512

Commitments [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, 2017 AND 2016
(Expressed in US Dollars)

	Three Months Ended December 31, 2017 (unaudited) $	Three Months Ended December 31, 2016 (unaudited) $	Nine Months Ended December 31, 2017 (unaudited) $	Nine Months Ended December 31, 2016 (unaudited) $
REVENUE	-	-	-	-
EXPENSES				
General and administrative expenses *[Notes 7, 8 and 9]*	**1,717,666**	**1,858,536**	**3,825,602**	3,547,990
Research and development expenses	**377,924**	**333,565**	**1,106,658**	847,938
TOTAL OPERATING EXPENSES	**2,095,590**	**2,192,101**	**4,932,260**	4,395,928
Accretion expense including day one derivative loss *[Note 5]*	**-**	**307,216**	**879,416**	901,299
Change in fair value of derivative liabilities *[Note 6]*	**-**	**125,353**	**20,588**	714,453
NET LOSS BEFORE INCOME TAXES	**(2,095,590)**	**(2,624,670)**	**(5,832,264)**	(6,011,680)
Income taxes	-	-	-	-
NET LOSS	**(2,095,590)**	**(2,624,670)**	**(5,832,264)**	(6,011,680)
Translation adjustment	(23,424)	**24,635**	(193,771)	(185,057)
COMPREHENSIVE LOSS	**(2,119,014)**	**(2,600,035)**	**(6,026,035)**	(6,196,737)
LOSS PER SHARE, BASIC AND DILUTED	(0.068)	(0.100)	(0.186)	(0.236)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**30,799,342**	**26,162,293**	**31,374,911**	25,427,620

See accompanying notes to the condensed consolidated interim financial statements

BIOTRICITY INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in US Dollars)

	Nine Months Ended December 31, 2017 (unaudited) $	Nine Months Ended December 31, 2016 (unaudited) $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	**(5,832,264)**	(6,011,680)
Adjustments to reconcile net loss to net cash used in operations		
Stock based compensation	**646,970**	405,058
Issuance of shares for services	**1,325,128**	805,329
Issuance of warrants for services, at fair value	**272,630**	474,232
Accretion expense, including day one derivative loss	**879,416**	901,296
Change in fair value of derivative liabilities	**20,588**	714,454
Fair value of warrants issued	**-**	-
Changes in operating assets and liabilities:		
Harmonized sales tax recoverable	**(27,052)**	18,358
Deposits and other receivables	**(14,977)**	838,492
Accounts payable and accrued liabilities	**(507,365)**	16,613
Net cash used in operating activities	**(3,236,926)**	(1,837,848)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	**4,860,970**	**-**
Proceeds from exercise of warrants	**428,311**	105,500
Issuance of convertible debentures, net	**-**	1,899,700
Proceeds from issuance of stock options	**-**	-
Due to shareholders	**-**	(50,724)
Net cash provided by financing activities	**5,289,281**	1,954,476
Effect of foreign currency translation	**5,039**	(149,612)
Net increase in cash during the period	**2,052,355**	116,628
Cash, beginning of period	**424,868**	53,643
Cash, end of period	**2,482,262**	20,659

See accompanying notes to condensed consolidated interim financial statements

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") was incorporated on July 3, 2014 under the laws of the Province of Ontario, Canada.

Both the Company and iMedical are engaged in research and development activities within the remote monitoring segment of preventative care. They are focused on a realizable healthcare business model that has an existing market and commercialization pathway. As such, its 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 as further explained in Note 7 to the unaudited interim condensed consolidated financial statements. 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 iMedical's assets and liabilities and commenced operations through iMedical.

As a result of the Share Exchange, iMedical is now 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 unaudited interim condensed 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 Exchange Commission ("SEC") instructions to Form 10-Q and Article 8 of SEC Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the Company's audited financial statements for the three and twelve months ended March 31, 2017 and for the twelve months ended December 31, 2016 and December 31, 2015 and notes thereto included in the Form 10-KT filed with the SEC on June 29, 2017. 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 three and nine months ended December 31, 2017 are not necessarily indicative of the results that may be expected for the year ending March 31, 2018. The Company's fiscal year-end is March 31.

The unaudited interim 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 in development mode, operating a research and development program to develop, obtain regulatory approval for, and commercialize its proposed products. The Company has incurred recurring losses from operations, and as at December 31, 2017, and has an accumulated deficit of $23,655,955. Management anticipates the Company will attain profitable status and improve its liquidity through continued business development and after additional debt or equity investment in the Company. 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 consolidated financial statements are issued. As an example of this, the Company filed a shelf prospectus under which it conducted a registered sale of shares during the three months ended December 31, 2017 that raised gross proceeds of $2,475,901.

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

Use of Estimates

The preparation of the unaudited interim 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: 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, 2017 and 2016.

Cash

Cash includes cash on hand and balances with banks.

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.

Foreign Currency Translation

The functional currency of the Canadian based company is the Canadian dollar and the US based company is USD. 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 interim unaudited condensed consolidated 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' deficit. The Company has not, to the date of these unaudited interim condensed consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

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, 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.

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 to account for the down round features of warrants issued with private placements effective as of April 1, 2017. In doing so, warrants with a down round feature previously treated as derivative liabilities in the consolidated balance sheet and measured at fair value are henceforth treated as equity, with no adjustment for changes in fair value at each reporting period. Previously, the Company accounted 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. The Company accounts 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, the Company records, 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 July 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2017-11 ("ASU 2017-11"), which addressed 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 September 30, 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.

The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments in this Update should be applied using a retrospective transition method to each period presented. Management does not expect to have a significant impact of this ASU on the Company's unaudited interim condensed consolidated financial statements.

In May 2017, an accounting pronouncement was issued by the Financial Accounting Standards Board ("FASB") ASU 2017-09, "Compensation - Stock Compensation: Scope of Modification Accounting." ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The updated guidance is effective for interim and annual periods beginning after December 15, 2017, and early adoption is permitted. The adoption of this pronouncement is not expected to have a material impact on the unaudited interim condensed consolidated financial position and/or results of operations.

On January 1, 2017, the Company adopted the accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") to simplify the presentation of deferred income taxes within the balance sheet. This pronouncement eliminates the requirement that deferred tax assets and liabilities are presented as current or noncurrent based on the nature of the underlying assets and liabilities. Instead, the pronouncement requires that all deferred tax assets and liabilities, including valuation allowances, be classified as noncurrent. We adopted this pronouncement on a retrospective basis. The adoption of this guidance did not have a material impact on the Company's unaudited interim condensed consolidated financial position and/or results of operations.

On January 1, 2017, the Company adopted the accounting pronouncement issued by the FASB to simplify the accounting for goodwill impairment. This guidance eliminates the requirement that an entity calculate the implied fair value of goodwill when measuring an impairment charge. Instead, an entity would record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The Company adopted this pronouncement on a prospective basis. The adoption of this guidance did not have a material impact on the Company's unaudited interim condensed consolidated financial position and/or results of operations.

In February 2016, an accounting pronouncement was issued by the FASB to replace existing lease accounting guidance. This pronouncement is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for most leases. Expenses associated with leases will continue to be recognized in a manner similar to current accounting guidance. This pronouncement is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted. The adoption is required to be applied on a modified retrospective basis for each prior reporting period presented. The Company has not yet determined the effect that the adoption of this pronouncement may have on its unaudited interim condensed consolidated financial position and/or results of operations.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2017	**As at March 31, 2017**
	$	**$**
Accounts payable	**518,204**	**866,188**
Accrued liabilities	**111,885**	**271,266**
	630,089	**1,137,454**

Accounts payable as at December 31, 2017, and March 31, 2017 include $191,173 and $195,081, respectively, due to a shareholder and executive of the Company, primarily as a result of bonus and allowance compensation payable in that individual's capacity as an employee.

5. CONVERTIBLE PROMISSORY NOTES

Pursuant to the terms of an offering of up to $2,000,000, iMedical during the year ended December 31, 2015 issued convertible promissory notes to various accredited investors amounting to $1,368,978 in face value. These notes have a maturity date of 24 months and carry annual interest rate of 11%. The note holders have the right until any time until the note is fully paid, to convert any outstanding and unpaid principal portion of the note, and accrued interest, into fully paid and non-assessable shares of Common Stock. The note has a conversion price initially set at $1.78. Upon any future financings completed by the Company, the conversion price will reset to 75% of the future financing pricing. These notes do not contain prepayment penalties upon redemption. These notes were secured by all of the then present and after acquired property of the Company. However, the Company was entitled to 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 offering, the Company issued cash (7%) and 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 have a term of 24 months and a similar reset provision based on future financings.

Pursuant to the conversion provisions, in August 2016, the Company converted the promissory notes, in the aggregate face value of $1,368,978, into 912,652 shares of common shares 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 of December 31, 2015	$	783,778
Accretion expense		585,200
Conversion of the notes transferred to equity		(1,368,978)
Accreted value of convertible promissory notes as of December 31, 2017	$	-

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 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 and carried an annual interest rate of 10%. The Bridge Notes principal and all outstanding accrued interest were able to be converted 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 had an obligation to issue warrants exercisable into the number of shares of the Company securities that is 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.

On May 31, 2017, all Bridge Notes having a face value of $2,436,406, were converted into the Company's common stock:

Accreted value of convertible promissory notes as of March 31, 2017	$	1,556,990
Accretion expense		879,416
Conversion of notes transferred to equity (Note 7, c)		(2,436,406)
Face value of convertible promissory notes as of December 31, 2017	$	-

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

6. DERIVATIVE LIABILITIES

As explained in Note 3 under *New Accounting Pronouncements* ASU 2017-11 provides 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 September 30, 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 September 30, 2017 (post-adoption) and December 31, 2017	-

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)	$2.50 and $2.70

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

In contemplation of the acquisition of iMedical on February 2, 2016, the Company's Board of Directors and shareholders approved the increase in authorized capital stock from 100,000,000 shares of common stock to 125,000,000 shares of common stock, with a par value of $0.001 per share, and from 1,000,000 shares of preferred stock to 10,000,000 shares of preferred stock, with a par value of $0.001 per share.

As at December 31, 2017, the Company is authorized to issue 125,000,000 (March 31, 2017 – 125,000,000) shares of common stock ($0.001 par value) and 10,000,000 (March 31, 2017 – 10,000,000) shares of preferred stock ($0.001 par value).

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 iMedical shareholders who in general terms, were 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, were 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 of the Company 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 such 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, 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 the Company'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.

Subsequent to December 31, 2017, certain exchangeable shareholders exercised their right to exchange those shares for 679,858 common shares of the Company. (also refer *Note 10*)

c) Share issuances

During May 2015, iMedical repurchased 1,316,700 (1,100,000 Pre-Exchange Agreement) of its outstanding common shares at cost from a former director. These shares were cancelled upon repurchase.

During the twelve months ended December 31, 2016, as explained in Note 6, the Company issued 912,652 shares of common stock in connection with the conversion of notes.

During the twelve months ended December 31, 2016, the Company issued an aggregate of 210,625 shares of common stock to six consultants. $604,475 representing the fair value of the shares issued was charged to operations. An additional 77,463 were issued, in connection with commitments relating to the December 31, 2016 year end, $200,855 representing the fair value of these shares charged to operations. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance.

During the twelve months ended December 31, 2016, the Company issued an aggregate of 131,365 shares of its common stock upon exercise of warrants and received $105,500 of exercise cash proceeds.

During the three months ended March 31, 2017, the Company sold to accredited investors, an aggregate of 781,480 units (the "Units") for gross proceeds of $1,367,573 at a purchase price of $1.75 per Unit, pursuant to a private offering of a minimum of $1,000,000, up to a maximum of $8,000,000 (the "Common Share Offering"). Each unit consists of one share of common stock, par value $0.001 per share and a three-year warrant to purchase one-half share of common stock at an initial exercise price of $3.00 per whole share. If the Company successfully raises a total of $3,000,000 in aggregate proceeds from the Common Share Offering (a "Qualified Financing"), the principal amount of the Bridge Notes along with the accrued interest as explained in Note 6 are convertible into Units, based upon the lesser of: (i) $1.60 per New Round Stock 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 New Round Stock in the Qualified Financing. The notes and the warrants are further subject to a "most-favored nation" clause in the event the Company, prior to maturity of the Bridge 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 broker warrants with an exercise price of $3.00 and an expiry date of two years from the date of issuance. Because of the Common Share Offering, the Company incurred cash issuance costs of $129,650 and issued broker warrants and warrants to investors having fair values of $104,627 and $339,308, respectively. Cash issuance costs along with fair values of warrants have been adjusted against additional paid in capital.

During the three months ended March 31, 2017, the Company issued an aggregate of 162,772 shares of common stock (including 77,463 shares were issued as disclosed as at December 31, 2016) to various consultants. The fair value of these shares amounting to $413,573 have been expensed to general and administrative expenses in the consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance.

During the three months ended June 30, 2017, the Company sold to accredited investors a further total of 1,282,769 Units, of which 57,143 were issued (refer to Note 7(d)), for gross proceeds of $2,244,845 (net proceeds of $1,926,780) and converted the aggregate principal amount of $2,455,000 (net proceeds of $2,274,800) raised in its Bridge Note offering, plus accrued interest thereon, into a further 1,823,020 Units (each of which correspond to one share and half of one warrant, as described above). In connection with the Common Share Offering, including the Bridge Notes that were converted into Units thereof, the Company incurred cash issuance costs of $438,065 and issued broker warrants and warrants to investors having fair values of $385,635 and $3,183,614, respectively. Cash issuance costs along with fair values of warrants have been adjusted against additional paid in capital.

During the three months ended June 30, 2017, the Company also issued an aggregate of 56,576 common stock to various consultants. The fair value of these shares amounted to $138,611 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 three months ended September 30, 2017, 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 three months ended September 30, 2017, the Company also issued an aggregate of 100,000 common stock to various consultants. The fair value of these shares amounted to $250,000 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. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance.

On December 22, 2017, the Company completed a registered offering, which raised gross proceeds of $2,475,901 million through the issuance of 450,164 common shares.

During the three months ended December 31, 2017, the Company also issued 136,672 shares as compensation to consultants that provide contractual services. The fair value of these shares amounted to $407,382 and has been expensed to general and administrative expenses in the consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance.

On December 22, 2017, the Company completed a registered offering, which raised gross proceeds of $2,475,901 million through the issuance of 450,164 common shares.

During the three months ended December 31, 2017, the Company also issued 136,672 shares as compensation to consultants that provide contractual services. The fair value of these shares amounted to $407,382 and has been expensed to general and administrative expenses in the consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance.

A total of 252,798 number of shares were issued as explained in warrant exercise paragraph f, of which 212,798 were issued before December 31, 2017 and 40,000 are to be issued and included in shares to be issued.

d) Shares to be issued

As of December 31, 2017, the Company had obligations to issue a total of 128,651 shares, which consists of:

i) 88,651 shares under contract to consultants, advisors and other service providers. The fair value of these shares amounted to $498,529 and has been expensed to general and administrative expenses in the consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair value of these shares was determined by using the market price of the common stock as at the date of issuance; and

ii) 40,000 shares to be issued in connection with exercise of warrants as explained in warrant exercise paragraph f.

e) Warrant issuances

During September and October 2015, iMedical entered into agreements for the issuance for a total of 724,185 (605,000 pre-Exchange Agreement) warrants against services, entitling the holders to purchase one common share against each warrant at an exercise price of $0.84 ($1 pre-Exchange Agreement) per warrant to be exercised within 180 to 730 days from the issuance date. The fair value of the warrants on the issuance date was $672,749, which is included as consulting charges in general and administrative expenses during the year ended December 31, 2015 with corresponding credit to additional paid-in-capital. The fair value has been estimated using a multi-nomial lattice model with an expected life ranging from 180 to 730 days, a risk-free rate ranging from 0.04% to 1.07%, stock price of $2, annual attrition rate of 5% and expected volatility in the range of 98% to 100%, determined based on comparable companies' historical volatilities.

During the year twelve months ended December 31, 2016, the Company issued 472,084 warrants in connection with consulting services, entitling the holders to purchase one common share against each warrant at an exercise price in the range of $2.00-$2.58. These warrants were fair valued amounting to approximately $474,232 which was charged to the statement of operations. The fair value has been estimated using a multi-nominal lattice model with an expected life ranging from 0.75 to 3 years, a risk-free rate ranging from 0.45 to 1.47, stock price of $2.15 to $2.58 annual attrition rate of up to 5% and expected volatility in the range of 101% to 105% determined based on comparable companies' historical volatilities.

During the three months ended March 31, 2017, in connection with the private placement as explained above in "Share Issuances", the Company issued 55,433 warrants to brokers and 390,744 to private placement investors. These warrants were fair valued at $443,935 and recorded as a reduction to additional paid in capital. Also during that period, 255,750 warrants fair valued at $402,206 were issued as compensation for services. For the valuation assumptions used, refer to Note 6.

During the three months ended June 30, 2017, in connection with its Common Share Offering, the Company issued 225,040 warrants to brokers, and 3,375,914 warrants to investors; of this latter amount, 2,734,530 related to warrants issued on conversion of convertible notes (refer to Note 5) and 641,384 related to private placement common share issuance warrants (refer to Note 7(c)). During the three months ended June 30, 2017, the Company also issued 62,500 warrants as compensation for services.

During the three months ended September 30, 2017, in connection with its Common Share Offering, the Company issued 21,055 warrants to brokers and 131,594 warrants to investors.

During the three months ended September 30, 2017, the Company also issued 47,500 warrants, which were fair valued at $31,987, and recorded as compensation for services, which have been expensed to general and administrative expenses in the condensed consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair value has been estimated using a multi-nomial lattice model with an expected life of 3 years, a risk-free rate of 1.47% stock price of $2.18, annual attrition rate of 0% and expected volatility of 137.63%, determined based on comparable companies' historical volatilities.

During the three months ended December 31, 2017, the Company issued 98,806 warrants, which were fair valued at a cumulative $97,654, and recorded as compensation for services, which have been expensed to general and administrative expenses in the condensed consolidated statement of operations, with a corresponding credit to additional paid-in-capital. The fair values have been estimated using a multi-nomial lattice model with an expected life of 3 years, risk free rates of 1.62% to 1.98%, stock prices of $2.18 to $7.59, an annual attrition rate of 0% and expected volatilities of 136.77% to 145.99%, determined based on comparable company historical volatilities.

At December 31, 2017 the Company had the following warrant securities outstanding:

	Broker Warrants	Consultant Warrants	Warrants Issued on Conversion of Convertible Notes	Private Placement Common Share Issuance Warrants	Total
As at December 31, 2015	**271,742**	**380,000**	**-**	**-**	**651,742**
RTO adjustment*	53,507	74,860	-	-	**128,367**
After RTO	325,249	454,860	-	-	**780,109**
Less: Exercised	-	(131,365)	-	-	**(131,365)**
Less: Expired	-	(245,695)	-	-	**(245,695)**
Add: Issued	-	622,500	-	-	**622,500**
As at December 31, 2016	**325,249**	**700,300**	**-**	**-**	**1,025,549**
Less: Expired/cancelled	-	(39,584)	-	-	**(39,584)**
Add: Issued	55,433	255,750	-	390,744	**701,927**
As at March 31, 2017	**380,682**	**916,466**	**-**	**390,744**	**1,687,892**
Less: Expired/cancelled	-	-	-	-	**-**
Add: Issued	225,040	62,500	2,734,530	641,384	**3,663,454**
As at June 30, 2017	605,722	978,966	2,734,530	1,032,128	**5,351,346**
Less: Expired/cancelled	(19,935)	(317,800)	-	-	**(337,735)**
Add: Issued	21,055	47,500	-	131,594	**200,149**
As at September 30, 2017	606,842	708,666	2,734,530	1,163,722	**5,213,760**
Less: Exercised	(112,798)	(140,000)	-	-	**(252,798)**
Less: Expired	-	(25,000)	-	-	**(25,000)**
Add: Issued	-	98,806	-	-	**98,806**
As at December 31, 2017	494,044	642,472	2,734,530	1,163,722	**5,034,768**
Exercise Price	$ 0.78-$3.00	$ 2.00-$7.59	$ 2.00	$ 3.00	
Expiration Date	March 2018 to July 2022	January 2018 to September 2020	March 2020 to November 2022	April 2020 to July 2020	

*As explained above, on February 2, 2016 all outstanding warrants at that time had been increased by a factor of 1.197.

f) Warrant exercises

During March and May 2015, 598,500 (500,000 pre-Exchange Agreement) warrants were exercised at a price of $0.84 ($1.01 pre-Exchange Agreement) per share and iMedical received gross cash proceeds of $500,584 (net proceeds of $470,758). About the proceeds received, iMedical paid in cash $35,420 as fees and issued 41,895 (35,000 pre-Exchange Agreement) broker warrants which were fair valued at $5,594 and were allocated to cash with corresponding credit to additional paid-in-capital. The fair value has been estimated using a multi-nomial lattice model with an expected life of 365 days, dividend yield of 0%, stock price of $0.84 ($1.01 pre-Exchange Agreement), a risk-free rate ranging from 0.04% to 1.07% and expected volatility of 94%, determined based on comparable companies' historical volatilities.

During August and September 2015, 299,250 (250,000 pre-Exchange Agreement) warrants were exercised at a price of $0.85 ($1.05 pre-Exchange Agreement) per share and iMedical received gross cash proceeds of $253,800 (net proceeds of $236,438). In connection with the proceeds received, iMedical paid in cash $17,362 as fees and issued 20,947 (17,500 pre-Exchange Agreement) broker warrants which were fair valued at $14,627 and were allocated to cash with corresponding credit to additional paid-in-capital. The fair value has been estimated using a multi-nomial lattice model with an expected life of 24 months, a risk-free rate ranging from 0.04% to 1.07%, stock price of $2 and expected volatility in the range of 98% to 100%, determined based on comparable companies' historical volatilities.

During December 2017, 112,798 broker warrants were exercised at exercises 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.

g) Stock-based compensation

2015 Equity Incentive Plan

On March 30, 2015, iMedical approved the Directors, Officers and Employees Stock Option Plan, under which it authorized and issued 3,000,000 options. This plan was established to enable 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. As of December 31 and March 31, 2017, there were no outstanding vested options and 137,500 unvested options at an exercise price of $.0001 under this plan. These options now represent 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 December 31 and March 31, 2017. No other grants will be made under this plan.

The following table summarizes the stock option activities of the Company related to the 2015 equity incentive plan:

	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 December 31 and March 31, 2017	164,590	0.0001

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. During the nine-month period ended December 31, 2017 and year-ended March 31, 2017, no outstanding options under this above plan were exercised.

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 participating company group and its stockholders by providing an incentive to attract, retain and reward persons performing services for the participating company group and by motivating such persons to contribute to the growth and profitability of the participating company group. 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 Committee; 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 pursuant to awards 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 three months ended December 2017, the Company granted an employee 100,000 options to purchase shares of common stock at an exercise price of $2.18, to vest on a quarterly basis over a 1 year period.

The fair value of the Plan was $2,439,493 at the time that options were originally granted. The following table summarizes the stock option activities of the Company:

	Number of options	Weighted average exercise price ($)
Granted	2,709,998	2.2031
Exercised	-	-
Outstanding as of March 31, 2017	**2,709,998**	**2.2031**
Granted	100,000	2.18
Outstanding as of December 31, 2017	**2,809,998**	**2.2001**

The weighted average remaining contractual life ranges from 8.84 to 9.01 years.

During the three months ended December 31, 2017, the Company recorded stock based compensation of $204,815 in connection with Plan (December 31, 2016 – $196,142) 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 for both the 2015 equity incentive plan and the 2016 Plan:

	Plan 2016	Plan 2015
Exercise price ($)	2.00 – 2.58	0.0001
Risk free interest rate (%)	0.45 – 1.98	0.04 - 1.07
Expected term (Years)	1.0 - 3.0	10.0
Expected volatility (%)	101 – 146	94
Expected dividend yield (%)	0.00	0.00
Fair value of option ($)	0.674 - 0.87	0.74
Expected forfeiture (attrition) rate (%)	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, 2017 $	Three Months Ended December 31, 2016 $	Nine Months Ended December 31, 2017 $	Nine Months Ended December 31, 2016 $
Consulting fees and allowance*	-	20,000	-	127,622
Salary and allowance**	165,052	50,000	435,156	**50,000**
Stock based compensation***	183,981	183,981	558,453	**367,962**
Total	**349,033**	**253,981**	**993,609**	**545,584**

The above expenses were recorded under general and administrative expenses.

* Consulting fees and allowance represents amounts paid/payable to a related party owned by a shareholder that is a member of key management of the Company.

** 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

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.

10. SUBSEQUENT EVENTS

The Company’s management has evaluated subsequent events up to February 14, 2018, the date the condensed consolidated financial statements were issued, pursuant to the requirements of ASC 855 and has determined the following material subsequent events:

In January 2018, the Company issued 82,401 shares of common stock as compensation to three service providers and 40,000 shares as a result of a consultant warrant exercise, all of which were accounted for as shares to be issued as at December 31, 2018.

Also in January 2018, the Company issued 58,975 shares pursuant to the cashless exercise of 96,710 broker warrants. During this same period, a number of incumbent stakeholders who had invested in the Company through its exchangeable share structure, exercised their right to retract and exchange those exchangeable shares for 679,858 common shares of the Company.

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. 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") is a leading-edge 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 intend to first focus on a segment of the multi-billion-dollar diagnostic mobile cardiac telemetry market, otherwise known as MCT.

To date, we are developing our Bioflux MCT technology which is comprised of a monitoring device and software component, and are in the process of building strategic relationships to accelerate our go-to-market strategy and growth.

Plan of Operation and Recent Corporate Developments

We were incorporated on August 29, 2012 in the State of Nevada. At the time of our incorporation the name of our company was Metasolutions, Inc. On January 27, 2016, we filed with the Secretary of State of the State of Nevada a Certificate of Amendment to our Articles of Incorporation, effective as of February 1, 2016, whereby, among other things, 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:

Use of Estimates

The preparation of the audited 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, 2017.

Cash

Cash includes cash on hand and balances with banks.

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.

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 $377,924 and $1,106,658 for the three and nine months ended December 31, 2017, compared to $333,565 and $847,938, respectively, for the corresponding periods ended December 31, 2016.

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 July 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2017-11 ("ASU 2017-11"), which addressed 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) in accordance with Topic 260 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 the three-month interim period ended December 31, 2017, with adjustments reflected in the accumulated deficit of stockholders' deficiency as of April 1, 2017. For details of the adjustments, please refer to Note X of the Financial Statements.

In May 2017, an accounting pronouncement was issued by the Financial Accounting Standards Board ("FASB") ASU 2017-09, "Compensation - Stock Compensation: Scope of Modification Accounting." ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The updated guidance is effective for interim and annual periods beginning after December 15, 2017, and early adoption is permitted. The adoption of this pronouncement will not have a material impact on the financial position and/or results of operations.

On January 1, 2017, the Company adopted the accounting pronouncement issued by the Financial Accounting Standards Board ("FASB") to simplify the presentation of deferred income taxes within the balance sheet. This pronouncement eliminates the requirement that deferred tax assets and liabilities are presented as current or noncurrent based on the nature of the underlying assets and liabilities. Instead, the pronouncement requires that all deferred tax assets and liabilities, including valuation allowances, be classified as noncurrent. We adopted this pronouncement on a retrospective basis. The adoption of this guidance did not have a material impact on the Company's unaudited condensed financial position and/or results of operations.

On January 1, 2017, the Company adopted the accounting pronouncement issued by the FASB to simplify the accounting for goodwill impairment. This guidance eliminates the requirement that an entity calculate the implied fair value of goodwill when measuring an impairment charge. Instead, an entity would record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The Company adopted this pronouncement on a prospective basis. The adoption of this guidance did not have a material impact on the Company's unaudited condensed financial position and/or results of operations.

In February 2016, an accounting pronouncement was issued by the FASB to replace existing lease accounting guidance. This pronouncement is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for most leases. Expenses associated with leases will continue to be recognized in a manner similar to current accounting guidance. This pronouncement is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted. The adoption is required to be applied on a modified retrospective basis for each prior reporting period presented. The Company has not yet determined the effect that the adoption of this pronouncement may have on its unaudited condensed financial position and/or results of operations.

Results of Operations

From its inception in July 2009 through to December 31, 2017, Biotricity has generated a deficit of $23,655,955. 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, 2017 and December 31, 2016

Operating Expenses

Total operating expenses for the three and nine month periods ended December 31, 2017 were $2,095,590 and $4,932,260, compared to $2,192,101 and $4,395,928, respectively, for the three and nine month periods ended December 31, 2016, as further described below.

For the three and nine-month period ended December 31, 2017, we incurred general and administrative expenses of $1,717,666 and $3,825,602, compared to $1,858,536 and $3,547,990, respectively, for the three and nine month periods ended December 31, 2016. The fluctuations in these balances are in line with increased professional fees and product marketing and promotion incurred in preparing for the launch of a developed product, as tempered by cost controls associated with consolidating the Company's operations in one office and the payroll and compensation-related cost savings associated with building an engineering division that is less reliant on contract consultants.

For the three and nine month periods ended December 31, 2017, we incurred research and development expenses of $377,924 and $1,106,658 compared to research and development expenses of $333,565 and $847,938 for the three and nine month periods ended December 31, 2016. The increases for the three and nine month periods ended December 31, 2017 reflect the increased activity associated with completing our FDA approval process, preparing Bioflux for commercialization and engineering future product enhancements.

Results for the nine months ended December 2017 were also affected by the fact that, during the three month period ended September 30, 2017, the Company adopted ASU 2017-11. As a result, change in fair value of derivative liabilities of $21,540, previously recognized as an expense during the three-month period ended June 30, 2017, were reversed.

Net Loss

Net loss for the three and nine months ended December 31, 2017 was $2,095,590 and $5,832,264 compared to a net loss of $2,624,670 and $6,011,680, respectively, during the three and nine months ended December 31, 2017, resulting in a loss per share of $0.068 and $0.186 (2016: $0.100 and $0.236)

Translation Adjustment

Translation losses for the three and nine month periods ended December 31, 2017 were $23,424 and $193,771 respectively, as compared to a gain of $24,635 and a loss of $185,057, respectively, for the three and nine months ended December 31, 2016. These translation adjustments represent losses and gains that result 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, pre-revenue operations, the Company has incurred recurring losses from operations, and as at December 31, 2017, has an accumulated deficit of $23,655,955. Management anticipates the Company will attain profitable status and improve its liquidity through continued business development and after 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 three months ended December 31, 2017, we sold to accredited investors an aggregate of 450,164 shares of our common stock, for gross proceeds of $2,475,901 at a purchase price of $5.50 per share (the "Purchase Price"), in a registered direct offering. After payment of offering expenses such as legal, accounting and printing costs and other fees associated with registering and listing the common stock, net proceeds received were approximately $2.4 million. The registered direct offering closed on December 22, 2017.

During the three months ended December 31, 2017, the Company issued 136,672 shares as compensation to consultants that provide contractual services. Subsequent to December 31 to February 5, 2018, the Company has issued or is in the process of issuing a further 82,401 shares under contract to consultants, advisors and other service providers. During this same period, incumbent stakeholders who have invested in the Company through its exchangeable share structure, exercised their right to exchange those shares for 679,858 common shares of the Company.

The Company also raised $0.3 million dollars and issued 140,000 of common shares to consultants exercising warrants, in addition to issuing a further 171,593 common shares as part of the cashless exercise of warrants previously issued to brokers as part of its Unit Offering, which funded the Company's research and development endeavors, as well its growing operations. Common shares issued and outstanding as at February 1, 2018 were 23,268,659, not including outstanding exchangeable shares of 8,443,172.

In prior quarters, the Company also raised capital by issuing (i) convertible notes that then converted into common stock or (ii) units of common stock and warrants sold in a private offering (described in the following paragraphs):

During the nine months ended December 31, 2017, not including convertible notes issued and then converted (described in the next paragraph), we sold to accredited investors an aggregate of 1,545,957 Units, for gross proceeds of $2,705,424 at a purchase price of $1.75 per Unit (the "Purchase Price"), in a private offering of a minimum of $1,000,000 and up to a maximum of $8,000,000 (subject to an overallotment option). Each Unit consists of one share of our common stock and a three-year warrant to purchase one-half share of common stock at an initial exercise price of $3.00 per whole share. After payment of placement agent fees and expenses but before the payment of other offering expenses such as legal and accounting expenses, net proceeds received were approximately $2,156,444. The Units were offered for sale until July 31, 2017.

During the fiscal quarter ended March 31, 2017, we closed a bridge offering that raised an aggregate face value of $2,455,000 through the sale of convertible promissory notes to various investors. After the payment of placement agent fees but before the payment of other offering expenses such as legal and accounting fees, we received net proceeds of $2,303,561. On May 31, 2017, the outstanding convertible promissory notes converted into an aggregate of 1,823,020 shares of common stock pursuant to the terms of the notes, which also included with warrants to purchase 911,510 shares, pursuant to the terms of the convertible notes, at an exercise price of $3.00. Furthermore, pursuant to the conversion terms of the notes, we issued to the holders thereof five-year warrants to purchase an aggregate of 1,823,020 shares of common stock at an exercise price per share of $2.00.

From inception to closing, the Unit Offering raised total gross proceeds of $6,527,997, including $2,455,000 initially raised as convertible Bridge Notes that were converted. After payment of Placement Agent fees and expenses but before the payment of other Unit Offering expenses such as legal and accounting expenses, we received net cash proceeds, from the commencement of the Unit Offering to August 10, 2017, of approximately $5,849,367, including the net cash proceeds of $2,274,800 received as a result of sale and subsequent conversion of the convertible Bridge Notes. Based on the multiple closings that were completed by August 10, 2017, the Company paid to the Placement Agent and its sub-agents an aggregate of approximately $678,630 in fees, and issued Placement Agent's Warrants to purchase an aggregate of 301,528 shares of common stock. As part of Units issued, the Company issued 4,150,462 shares and 2,075,231 warrants to investors.

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 anticipated commercialization of the Bioflux and Biolife products. Based on our current operating plans, we will require approximately $4 million to complete the development of Bioflux including marketing, sales, regulatory and clinical costs to first introduce this product into the market place. We expect to require approximately $4 million additional funds to also complete the development of our Biolife product, increase penetration in new and existing markets and expand our intellectual property platform, which we anticipate will lead to profitability. Since it is impossible to predict with certainty the timing and amount of funds required to launch the Bioflux and Biolife product in any other markets or for the development and launch of any other planned future products, we anticipate that we will need to raise additional funds through equity or debt offerings, or otherwise, in order to meet our expected future liquidity requirements. We are currently in discussion to raise additional debt and equity financing of which we can give no assurance of success.

Based on these above facts and assumptions, we believe our existing cash and cash equivalents, along with anticipated near-term debt and equity financings, [will be sufficient to meet our needs for the next twelve months from the filing date of the Quarterly Report on Form 10-Q]. We will need to seek additional debt or equity capital to respond to business opportunities and challenges, including our ongoing operating expenses, protecting our intellectual property, developing or acquiring new lines of business and enhancing 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 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 of our proposed product lines.

Net Cash Used in Operating Activities

During the nine months ended December 31, 2017, we used cash in operating activities of $3,236,926 compared to $1,837,848 for the nine months ended December 31, 2016. This was primarily due to a concerted effort to pay down the Company's trade liabilities, as well as use share-based compensation to pay for the work of consultants, advisors and other service providers, including increased expenditures undertaken on research, product development, business development, marketing and operating activities.

Net Cash from Financing Activities

Net cash from financing activities was $5,289,281 for the nine months ended December 31, 2017 compared to $1,954,476 for the nine months ended December 31, 2016. The increase is primarily due to the sale of securities in our registered offering, which raised net proceeds of $4,860,970 during the nine months ended December 31, 2017, as well as the convertible note offering and Unit offering which closed in the earlier part of the fiscal year.

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, 2017 or 2016.

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 applicable.

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 periods specified in the SEC's rules and forms, and that such information is accumulated 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.

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 not 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, recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms relating to the Company, since the assessment and control of disclosure decisions is currently performed by a small team. The Company has improved this situation by adding additional review levels and plans to further remediate this issue as it plans to expand its management team and build a fulsome internal control framework required by a more complex entity.

Changes in Internal Controls

On October 27, 2017, the Company hired a new Chief Financial Officer.

There were no changes in the Company’s internal controls over financial reporting that occurred during the nine-month period ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors

Not applicable for smaller reporting companies.

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

All unregistered issuance of securities during the period covered by this quarterly report have been previously disclosed on the Company's current reports on Form 8-K.

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.PRE	XBRL 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 14th day of February, 2018.

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)

Exhibit 31

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 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 Quarterly 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 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 14, 2018

/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 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 Quarterly 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 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 14, 2018

/s/ John Ayanoglou
John Ayanoglou
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32

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, 2017, 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 14, 2018

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

EX-32.2 5 f322.htm EXHIBIT 32.2

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, 2017, 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 14, 2018

/s/ John Ayanoglou
John Ayanoglou
(Principal Financial Officer and Principal Accounting Officer)