

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

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

OR

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

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 000-51848

AVRICORE HEALTH Inc.

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Company's name into English)

Province of British Columbia, Canada

(Jurisdiction of incorporation or organization)

Unit 210 – 2639 Viking Way, Richmond, British Columbia, V6V 3B7

Contact person: Bob Rai, Phone: (604) 613-4336 Email bob.rai@avricorehealth.com

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

Not Applicable

Name of each exchange on which registered

Not Applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Common Shares Without Par Value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.
December 31, 2018 40,103,665

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Yes No

Indicate by check mark whether the Company (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 Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Large accelerated filer Accelerated filer Non-Accelerated filer Emerging growth company

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

Large accelerated filer Accelerated filer Non-Accelerated filer Emerging growth company

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

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 Item 18

If this is an annual report, indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUES INVOLVED IN BANKRUPTCY PROCEEDING DURING THE PAST FIVE YEARS)

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

The information set forth in this Annual Report on Form 20-F is as at December 31, 2018 unless an earlier or later date is indicated.

**FORM 20-F ANNUAL REPORT
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INTRODUCTION

The Company was incorporated by registration of its Memorandum and Articles under the BC Companies Act on May 30, 2000 under the name “Duft Biotech Capital Ltd.”

On November 13, 2003, the Company acquired the assets of ALDA Pharmaceuticals Inc. (“API”), a private company founded in 1996.

On November 26, 2003 the Company changed its name to ALDA Pharmaceuticals Corp. (“the Company”). The Company is still a British Columbia, Canada, company.

Effective August 19, 2005, the authorized share capital of the Company was increased to an unlimited number of common shares without par value. There are no Indentures or Agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights.

On July 24, 2013 the Company changed its name to NUVA Pharmaceuticals Inc. (“the Company”). The Company is still a British Columbia, Canada, company.

On July 28, 2014 the Company changed its name to VANC Pharmaceuticals Inc. (“the Company”). The Company is still a British Columbia, Canada, company.

On November 5, 2018 the Company changed its name to Avricore Health Inc. (the “Company”). The Company is still a British Columbia, Canada, company.

BUSINESS OF AVRICORE HEALTH INC.

Avricore is a total health innovator capitalizing on technological advancements and consumer health trends by offering consumers and health providers pharmagenomic point-of-care technologies (POCT), nutraceuticals as well as an online product education and wholesale portal for community pharmacists.

FINANCIAL AND OTHER INFORMATION

The Company’s reporting currency and domestic currency is Canadian Dollars. In this Annual Report, unless otherwise specified, all dollar amounts are expressed in Canadian Dollars (“CDN\$” or “\$”). The Government of Canada permits a floating exchange rate to determine the value of the Canadian Dollar against the U.S. Dollar (US\$). Comparisons of historic exchange rates between the US\$ and the CDN\$ are contained in Section 3.A.3.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This Annual Report on Form 20-F contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, principally in ITEM #4, “Information on the Company” and ITEM #5, “Operating and Financial Review of Prospects”. These statements may be identified by the use of words like “plan,” “expect,” “aim,” “believe,” “project,” “anticipate,” “intend,” “estimate,” “will,” “should,” “could” and similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. In particular, these include statements about the Company’s strategy for growth, future performance or results of current sales and production, interest rates, foreign exchange rates, and the outcome of contingencies, such as acquisitions and/or legal proceedings and intellectual property issues.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, among other things, the factors discussed in this Annual Report under ITEM #3, “Key Information, Risk Factors” and factors described in documents that the Company may furnish from time to time to the Securities and Exchange Commission. The Company undertakes no obligation to update publicly or revise any forward-looking statements because of new information.

MEASUREMENT INFORMATION

Canada uses the metric measurement system and all of the measures used by the Company adhere to the standards of the metric system.

PART I

ITEM 1. IDENTITY OF DIRECTORS SENIOR MANAGEMENT AND ADVISERS

1.A.1. Directors and senior management

Table No. 1 lists as of December 31, 2018 and as of the date of this report the names of the Directors of the Company.

Table No. 1
Directors

Name and Residential Address	Age	Date First Elected or Appointed
Bob Rai, CEO 283 Cloverleaf Drive Ancaster Ontario L9K 1T1	49	June 4, 2015
David Hall ⁽¹⁾ 2495 6 th Ave West Vancouver, BC V6K 1W2	66	January 20, 2016
Alan Arnstein ⁽¹⁾ 9031-142 Street Edmonton, Alberta T5R 0M6	51	April 20, 2017
Sherif Guorgui 3544 Rebecca Street Oakville, ON L6L 5X9	43	August 15, 2017
Robert Sindelar ⁽¹⁾ 906-990 Beach Ave. Vancouver, BC V6Z 2N9	66	March 27, 2018

(1) Member of Audit Committee

1.A.2. Senior Management

Table No. 2 lists the names of the Senior Management of the Company. The Senior Management serves at the pleasure of the Board of Directors.

Table No. 2
Senior Management

Name and Position	Age	Date of First Appointment
Bob Rai, CEO	49	January 27, 2017
Kevin Strong, CFO	48	May 23, 2019
Deena Siblock, Corporate Secretary	49	May 23, 2019

Mr. Rai's business functions, as CEO of the Company, included overall supervision of all officers and consultants, as well as management of research and development, strategic planning, business development, operations, liaison with auditors, accountants, lawyers, regulatory authorities, the financial community and shareholders and reporting to the Board of Directors.

Mr. Strong's business functions, as CFO, include financial statement preparation, accounting, liaising with auditors, accountants, lawyers and regulatory authorities and preparation, payment and organization of the expenses, taxes, and other financial activities of the Company and reporting to the Board of Directors.

Ms. Siblock's business functions, as Corporate Secretary, include attending and being the secretary of all meetings of the Board, shareholders and committees of the Board and entering, or causing to be entered in records kept for that purpose, minutes of all proceedings thereat; gives or causes to be given, as and when instructed, all notices to shareholders, Directors, officers, auditors and members of committees of the Board; is the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Company and of all books, records and instruments belonging to the Company.

1.B. Legal Advisors

The legal advisor for the Company is Sangra Moller LLP, 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC, V6C 3L2.

The Company has engaged, for the provision of financial products and/or services, each of BMO Bank of Montreal located at 595 Burrard Street, Vancouver, BC, V7X 1L7 and Scotiabank located at 2798 West Broadway, Vancouver, BC, V6K 2G4.

1.C. Auditors

Davidson & Company LLP performed the audit for the years ended December 31, 2018 and December 31, 2017. Adam Sung Kim Ltd. performed the audit for the year ended December 31, 2016.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

No disclosure necessary.

ITEM 3. KEY INFORMATION

3.A.1. Selected Financial Data

The selected financial data should be read in conjunction with the financial statements and other financial information included elsewhere in the Annual Report.

The Company has not declared any dividends since incorporation and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain all available funds for use in its operations and the expansion of its business.

The Company's year end is December 31, 2018.

Table No. 3 is derived from the audited financial statements of the Company, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRS, International Accounting Standards ("IASs"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs") and effective for the Company's reporting period ended December 31, 2018.

Table No. 3
Selected Financial Data
(CDN\$)

	Year Ended Dec. 31, 2018	Year Ended Dec 31, 2017	Year Ended Dec 31, 2016	Stub Year Ended Dec 31, 2015	Year Ended Jun 30, 2015	Year Ended Jun 30, 2014
IFRS						
Gross Revenue	827,961	1,617,083	2,461,933	561,344	5,713	0
Net Sales	226,445	537,714	1,013,690	150,754	5,713	0
Net Income (Loss) for the Period	(4,136,802)	(2,736,717)	(2,613,904)	(1,190,414)	(2,200,648)	(733,946)
Basic Income (Loss) Per Share	(0.12)	(0.15)	(0.18)	(0.09)	(0.19)	(0.12)
Dividends Per Share	0	0	0	0	0	0
Weighted Average Shares	33,869,642	18,393,169	14,907,103	13,961,051	11,818,217	6,526,940
Period-end Shares	40,103,665	27,860,623	15,001,297	14,276,307	13,804,780	9,191,768
Working Capital	439,228	1,272,259	1,886,976	3,207,630	3,305,603	156,185
Sponsorship Liability	0	0	0	0	0	0
Long-Term Debt	0	0	0	0	0	0
Share Capital	20,783,372	18,340,491	16,320,006	15,775,145	15,262,357	10,995,282
Shareholders' Equity (Deficit)	885,966	2,498,097	1,917,993	3,246,975	3,353,461	663,097
Total Assets	1,200,205	2,900,186	2,275,335	3,493,205	3,540,585	820,418
US GAAP						
Net Loss	(4,136,802)	(2,736,717)	(2,613,904)	(1,190,414)	(2,200,648)	(733,946)
Income/(Loss) Per Share	(0.12)	(0.15)	(0.18)	(0.09)	(0.19)	(0.12)
Shareholders' Equity (Deficit)	885,966	2,498,097	1,917,993	3,246,975	3,353,461	663,097
Total Assets	1,200,205	2,900,186	2,275,335	3,493,205	3,540,585	820,418

3.A.3. Exchange Rates

In this Annual Report, unless otherwise specified, all dollar amounts are expressed in Canadian Dollars (CDN\$). The Government of Canada permits a floating exchange rate to determine the value of the Canadian Dollar against the U.S. Dollar (US\$).

Table No. 4 sets forth the exchange rates for the Canadian Dollar at the end of year ended December 31, 2018 and three most recent fiscal years, December 31, 2017, December 31, 2016, the stub year ending December 31 2015, and the fiscal year ended June 30, 2015, the average rates for the period and the range of high and low rates for the period. The data for each month during the most recent six months is also provided.

For purposes of this table, the rate of exchange means the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York.

Table No. 4
U.S. Dollar/Canadian Dollar

Period	Average	High	Low	Close
Year Ended 12/31/18	\$ 1.30	\$ 1.37	\$ 1.23	\$ 1.36
Year Ended 12/31/17	1.30	1.37	1.21	1.25
Year Ended 12/31/16	1.13	1.17	1.10	1.17
Stub Year Ended 12/31/15	1.33	1.39	1.26	1.38
Year Ended 6/30/15	1.19	1.28	1.06	1.25
Year Ended 6/30/14	1.07	1.13	1.02	1.07
Three Months Ended 3/31/19	\$ 1.32	\$ 1.36	\$ 1.31	\$ 1.34
Three Months Ended 12/31/18	1.33	1.37	1.32	1.36
Three Months Ended 9/30/18	1.30	1.33	1.29	1.29
Three Months Ended 6/30/18	1.30	1.33	1.25	1.31
Three Months Ended 3/31/18	1.27	1.31	1.23	1.29
Three Months Ended 12/31/17	\$ 1.28	\$ 1.29	\$ 1.25	\$ 1.25
Three Months Ended 9/30/17	1.25	1.30	1.21	1.25
Three Months Ended 6/30/17	1.34	1.37	1.30	1.30
Three Months Ended 3/31/17	1.32	1.35	1.30	1.33
Three Months Ended 12/31/16	\$ 1.14	\$ 1.17	\$ 1.12	\$ 1.17
Three Months Ended 9/30/16	1.12	1.14	1.11	1.12
Three Months Ended 6/30/16	1.12	1.17	1.10	1.12
May 2019		\$ 1.35	\$ 1.34	\$ 1.35
April 2019		1.35	1.33	1.34
March 2019		1.34	1.33	1.34
February 2019		1.33	1.31	1.32
January 2019		1.36	1.31	1.31
December 2018		1.37	1.32	1.36

3.B. Capitalization and Indebtedness

Table No. 5 sets forth the capitalization and indebtedness of the Company as of December 31, 2018.

Table No. 5
Capitalization and Indebtedness
As of December 31, 2018

SHAREHOLDERS' EQUITY	
Share Capital	\$20,783,372
Reserve – Warrants	733,388
Reserve – Options	4,386,450
Shares to be issued	211,167
Deficit	(25,228,411)
Net Shareholders' Equity	885,966
TOTAL CAPITALIZATION	
Common shares issued and outstanding	40,103,665
Stock Options Outstanding:	2,539,000
Warrants Outstanding ⁽¹⁾ :	13,852,264
Capital Leases:	None
Guaranteed Debt	None
Secured Debt:	None

(1) See Table 12 for exercise prices and terms of these warrants.

Year ended June 30, 2014

During the year ended June 30, 2014, the Company issued 850,000 shares for the acquisition of an asset, 2,000,000 shares for share subscriptions received in the year ended June 30, 2014, and 937,500 shares were issued through a private placement. At June 30, 2014, there were 36,767,075 shares issued and outstanding.

Private placements

On April 08, 2014 the Company closed a non-brokered private placement of 437,500 units of the Company at a price of \$0.40 per unit for gross proceeds of \$175,000. Each unit consists of one (1) common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share for a period of twelve months from the Closing Date of the Offering at a price of \$1.20 per common share. The warrants are subject to an accelerated exercise provision in the event the shares trade more than \$0.40 above the exercise price for ten consecutive days.

In addition, on April 08, 2014 the Company closed a non-brokered private placement of 500,000 units of the Company at a price of \$0.40 per unit for gross proceeds of \$200,000. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share for a period of twenty four months from the Closing Date of the Offering at a price of \$0.52 per common share.

In accordance with the private placements, finder's fees of \$12,000 cash were paid in addition to the issuance of 75,000 warrants. 30,000 warrants have a life of two years and are exercisable at \$0.52. The remaining 45,000 warrants have a life of one year and are exercisable at \$1.20. The fair value of these warrants was measured at \$47,567. Total share issue cost was \$59,567.

Proceeds from the Offering were used by the Company for general ongoing corporate and working capital purposes.

The fair value of the warrants of \$375,000 was estimated using the Black-Scholes option pricing model using the following parameters:

	<u>April 2014</u>
Dividend yield	178.59 – 201.52%
Expected volatility	201.52%
Risk-free interest rate	1.07%
Expected average term	1 – 2 years

Year ended June 30, 2015

Private placements

On December 10, 2014, the Company closed a non-brokered private placement of 1,901,833 units at a price of \$0.60 per unit for gross proceeds of \$1,141,100. Each unit consists of one common share and one-half of one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share on or before December 10, 2015 at a price of \$1.00. Finder's fees of \$91,287 cash were paid in addition to the issuance of 152,146 warrants. The fair value of the warrants issued to agents was estimated using the Black-Scholes option pricing model and amounted to \$67,533.

Securities are subject to a four-month hold period that expires April 11, 2015. Proceeds from the offering will be used by the Company for commercialization of the generic and OTC products and for general ongoing corporate and working capital purposes.

Additional share issue costs totaling \$203,490 were incurred relating to options and warrants exercised for the year.

Stub year ended December 31, 2015

During the six months ended December 31, 2015, 37,500 shares were issued for the exercise of options, and 434,027 shares were issued for the exercise of warrants.

Year ended December 31, 2016

During the year ended December 31, 2016, 400,000 shares were issued for the exercise of options, and 325,000 shares were issued for the exercise of warrants.

On November 1, 2016, the Company consolidated all of the Company's issued and outstanding common shares on the basis of every 4 old common shares being consolidated into 1 new common share. All figures in the consolidated financial statements and this 20-F are adjusted to reflect the 4:1 share consolidation.

Year ended December 31, 2017

On June 26, 2017, the Company closed a private placement and issued 4,408,659 units at a price of \$0.15 per unit for gross proceeds of \$661,299. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until June 26, 2022. The Company paid finder's fees of \$7,200 in cash and issued 48,000 finder's warrants valued at \$8,210. The finder's warrants are exercisable to purchase one common share of the Company at \$0.20 per share until June 26, 2022.

On August 3, 2017, the Company closed a private placement and issued 1,326,667 units at a price of \$0.15 per unit for gross proceeds of \$199,000. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until August 3, 2022.

On November 27, 2017, the Company closed a private placement and issued 4,850,000 units at a price of \$0.15 per unit for gross proceeds of \$727,500. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until November 27, 2022. The Company paid finder's fees of \$3,300 in cash and issued 22,000 finder's warrants valued at \$3,404. The finder's warrants are exercisable to purchase one common share of the Company at \$0.20 per share until November 27, 2022.

On December 8, 2017, the Company issued 1,274,000 common shares related to 1,274,000 warrants with an exercise price of \$0.20 being exercised for gross proceeds of \$254,800.

On December 15, 2017, the Company issued 1,000,000 common shares related to 1,000,000 warrants with an exercise price of \$0.20 being exercised for gross proceeds of \$200,000.

Year ended December 31, 2018

The Company issued 2,666,667 common shares valued at \$773,733 related to the acquisition of HealthTab.

The Company issued 909,090 common shares valued at \$181,818 related to the acquisition of the Corozon Platform.

The Company issued 233,450 common shares to Lampon valued at \$43,915 in consideration for services rendered pursuant to the terms of a service agreement entered into on April 10, 2018.

The Company closed a private placement and issued 5,327,335 units at a price of \$0.15 per unit for gross proceeds of \$799,100. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.33 per share until July 27, 2020. The Company paid finder's fees of \$18,264 in cash and issued 88,800 finder's warrants valued at \$9,332. The finder's warrants are exercisable to purchase one common share of the Company at \$0.33 per share until July 31, 2020.

The Company issued 131,000 common shares for exercise of 131,000 stock options for gross proceeds of \$28,820. \$40,181 was reclassified from reserves to share capital on exercise of options.

The Company issued 2,975,500 common shares for exercise of 2,975,500 warrants for gross proceeds of \$595,100. \$8,210 was reclassified from reserves to share capital on exercise of warrants.

The Company granted 3,030,303 warrants valued at \$510,878 to Emerald as consideration for a supply and distribution agreement. These warrants are exercisable to purchase one common share of the Company at \$0.33 per share until April 15, 2020. The warrants were valued using the Black-Scholes option pricing model with an estimated life of 2 years, volatility of 154%, dividend yield of 0% and risk-free interest rate of 2.1%.

As at December 31, 2018, the Company has recorded a \$211,167 (2017 - \$973,333) obligation for shares to be issued of which \$200,000 relates to the acquisition of HealthTab and \$11,167 relates to shares to be issued to Lampon. Subsequent to December 31, 2018, the Company issued 1,111,110 shares to HealthTab and 125,081 shares to Lampon.

Subsequent to the year ended December 31, 2018

Subsequent to December 31, 2018, the Company:

- issued 1,111,110 common shares related to the acquisition of HealthTab.
- closed a private placement and issued 4,206,435 shares at \$0.07 for gross proceeds of \$294,450
- issued 73,928 shares pursuant to the exercise of 73,928 stock options at \$0.28 per option for proceeds of \$20,700.
- Issued 125,081 shares to Lampon to satisfy its obligation to issue shares.

Options:

The changes in share options including those granted to directors, offers and consultants during the years ended December 31, 2018, 2017 and 2016 are summarized as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Beginning Balance	2,420,000	\$0.24	1,460,938	\$1.38	1,303,750	\$1.52
Options granted	665,000	\$0.23	2,420,000	\$0.24	672,500	\$1.38
Expired/Cancelled	(415,000)	\$0.24	(1,460,938)	\$1.38	(115,312)	\$1.51
Exercised	(131,000)	\$0.22	-	-	(400,000)	\$0.48
Ending Balance	2,539,000	\$0.24	2,420,000	\$0.24	1,460,938	\$1.38
Exercisable	2,536,500	\$0.24	1,188,750	\$0.22	1,184,324	\$1.38

The following table summarizes information about share options outstanding and exercisable as at December 31, 2018:

Exercise Price	Expiry date	Options	
		Outstanding	Exercisable
\$0.22	January 27, 2019	169,000 ⁽¹⁾	169,000
\$0.15	July 20, 2022	150,000	150,000
\$0.15	August 3, 2019	75,000	75,000
\$0.15	September 27, 2022	150,000	150,000
\$0.28	November 20, 2022	150,000	150,000
\$0.28	December 8, 2022	1,330,000 ⁽²⁾	1,327,500
\$0.24	March 27, 2023	200,000	200,000
\$0.21	April 11, 2023	175,000	175,000
\$0.125	September 12, 2023	140,000	140,000
		2,539,000	2,536,500

(1) Expired unexercised subsequent to year-end

(2) 73,928 exercised subsequent to year-end.

Warrants

The Company has issued warrants entitling the holders to acquire common shares of the Company. The summary of changes in warrants is presented below:

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	8,381,326	\$0.20	-	-	1,301,250	1.24
Warrants issued	8,446,438	\$0.33	10,655,326	\$0.20	-	-
Expired/Cancelled	-	-	-	-	(976,250)	\$0.50
Exercised	(2,975,500)	\$0.20	(2,274,000)	\$0.20	(325,000)	\$0.52
Issued and exercisable	13,852,264	\$0.28	8,381,326	\$0.20	-	-

3.C. Reasons for the Offer and Use of Proceeds

The Company intends to use the proceeds for working capital purposes in addition to marketing the expansion of the propriety point-of-care-technology platform called HealthTab, which utilizes the Piccolo analyzer, as well as launching myCannabisPGx, an additional pharmacogenomics test recently announced.

3.D. Risk Factors

Risks pertaining to the Company:

The Company's limited operating history makes it difficult to evaluate the Company's current business and forecast future results.

The Company was started as a Capital Pool Company, has been operating its current business since November, 2003 and has had limited revenues during this time. Since its inception, the Company has experienced significant operating losses each year. These losses are due to substantial expenditures on intellectual property protection, product development and product testing of commercial and consumer infection control products. The Company has also been engaged in a program of pre-clinical testing for registration of a number of therapeutic products with Health Canada and the FDA. This testing is costly and time consuming and the Company does not have sufficient funds to undertake all of the testing that is required to satisfy the requirements of these regulatory agencies. Accordingly, the Company requires outside funding to complete these tests. As funds are raised, they will be invested in the testing and the Company will continue to accumulate losses that are proportional to the funds raised and spent on testing. In addition, the Company launched a number of consumer and commercial products, described above, and established new sales and distribution agreements. Although sales of T³6[®] Antiseptic Hand Sanitizer products were substantial during the last quarter of 2009, sales subsequently dropped down nearly zero and were ceased. The Company has changed its direction and Company's operations consist of the marketing and distribution of generic and over-the-counter ("OTC") pharmaceuticals. As a result, future sales of the Company's products are difficult to predict.

The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause the Company to go out of business.

Based upon current plans to introduce its products into new markets in Canada and internationally, develop new products, maintain the Company's public listing on the TSX-Venture Exchange ("the Exchange") and support the continued registration of its securities in the US, the Company expects to incur operating losses in future periods. These losses will occur because there are continuing expenses associated with the marketing and production of the Company's products, research and development, intellectual property protection, testing and registration of pharmaceutical products, legal and accounting fees, the maintenance of its public listing and other expenses associated with running an operating business. Even if the Company becomes operationally profitable from the introduction and sale of new products, the Company will need to raise significant amounts of new funding to expand these activities. Also, the Company may not be successful in generating significant revenues from pharmaceutical products in the future. Failure to generate more revenues could cause the Company to contract or

go out of business. In the future, it is likely that the inventory value will be reduced to reflect selling cost which will further decrease the value of the assets compared to liabilities. Also at the time of this report, the Company has sufficient funds to continue the sales of its products but it will be unable to do so without securing further financing.

If the Company raises further funds through equity issuances, the price of its securities could decrease due to the dilution caused by the sale of additional shares.

Additional funds raised by the Company through the issuance of equity or convertible debt securities will cause the Company's current shareholders to experience dilution and possibly lower the trading price of its shares. Such securities may grant rights, preferences or privileges senior to those of the Company's common shareholders. The Company is not profitable and will not be profitable for the foreseeable future under its current development plan. The Company plans to issue further equity to raise funds as necessary to continue operations and fund its program of research and development, patent protection and regulatory approvals. As a result, an indeterminate amount of dilution of the Company's capital stock will occur.

The Company has issued a limited number of shares out of its authorized capital of an unlimited number of common shares, which could be dilutive and negatively affect the share price.

Having an unlimited number of authorized but unissued common shares could allow the Company's Directors and Officers to issue a large number of shares without shareholder approval, leading to significant dilution of current shareholders and possible lowering of the share price.

The Company could enter into debt obligations and not have the funds to repay these obligations.

The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain covenants, which would restrict the Company's operations. The Company might not be able to repay indebtedness.

The Company could enter into contractual obligations and not have the funds to pay for these obligations.

The Company does not have any contractual restrictions on its ability to enter into binding agreements and, accordingly, the Company could incur significant obligations to third parties including financial obligations. Any such obligations could restrict the Company's operations and the Company might not be able to pay for its commitments. If the Company cannot meet its commitments, legal action could be taken against the Company. Any such actions could further restrict the Company's ability to conduct its business or could cause the Company to go out of business.

The Company has a history of generating limited revenues and the continuing failure to generate further revenues could cause the Company to cease operations.

The Company has no history of pre-tax profit and in the previous four years has had only limited annual revenues for each of the years it has been operating. The Company sustained operating losses for each of its fiscal years and has sustained significant accumulated operating losses. The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. The Company may not be successful in generating revenues or raising capital in the future. Failure to generate revenues or raise capital could cause the Company to cease operations.

The Company's information technology systems are susceptible to certain risks, including cyber security breaches, which could adversely impact the Company's operations and financial condition.

The Company's operations involve information technology systems that process, transmit and store information about our suppliers, customers, employees, and financial information. These systems face threats including telecommunication failures, natural disasters, and cyber security threats, including computer viruses, unauthorized access to our systems, and other security issues. While the Company has implemented security measures to protect these systems, such threats change and evolve almost daily. There is no guarantee these actions will secure the information systems against all threats and vulnerabilities. The compromise or failure of these information systems could have a negative effect on the Company's operations and financial condition.

As the Company is a Canadian company, it may be difficult for U.S. shareholders of the Company to effect service on the Company or to realize on judgments obtained in the United States.

The Company is a Canadian corporation. All of its directors and officers are residents of Canada and a significant part of its assets are, or will be, located outside of the United States. As a result, it may be difficult for shareholders resident in the United States to effect service within the United States upon the Company, directors, officers or

experts who are not residents of the United States, or to realize in the United States judgments of courts of the United States predicated upon civil liability of any of the Company, directors or officers under the United States federal securities laws. If a judgment is obtained in the U.S. courts based on civil liability provisions of the U.S. federal securities laws against the Company or its directors or officers, it will be difficult to enforce the judgment in the Canadian courts against the Company and any of the Company's non-U.S. resident executive officers or directors. Accordingly, United States shareholders may be forced to bring actions against the Company and its respective directors and officers under Canadian law and in Canadian courts in order to enforce any claims that they may have against the Company or its directors and officers. Nevertheless, it may be difficult for United States shareholders to bring an original action in the Canadian courts to enforce liabilities based on the U.S. federal securities laws against the Company and any of the Company's non-U.S. resident executive officers or directors.

The Company's future performance is dependent on key personnel. The loss of the services of any of the Company's executives or Board of Directors could have a material adverse effect on the Company.

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its Board of Directors. The loss of the services of any of the Company's executives or Board of Directors could have a material adverse effect on the Company's business, results of operations and financial condition. There is no assurance that key personnel can be replaced with people with similar qualifications within a reasonable period of time. The Company currently carries key person insurance on any of the executives or members of the board of directors. If any or all Directors resign, there is no assurance that new Directors can be found to replace any directors who resign.

The Company has not declared any dividends since its inception in 2000 and has no present intention of paying any cash dividends on its common shares in the foreseeable future.

The Company has not declared any dividends since its inception in 2000, and has no present intention of paying any cash dividends on its common shares in the foreseeable future. The payment by the Company of dividends, if any, in the future, rests in the discretion of the Company's Board of Directors and will depend, among other things, upon the Company's earnings, its capital requirements and financial condition, as well as other relevant factors.

The Company's future performance is dependent on key suppliers and manufacturers and a loss of any suppliers or manufacturers could have a material adverse effect on the Company by reducing or eliminating the ability of the Company to manufacture or sell its products.

If any of the Company's suppliers or manufacturers were to go out of business or were unable to procure the raw materials or other supplies required by the Company to manufacture its products, the Company would have to find other suppliers or manufacturers. There is no guarantee that the Company would be able to find other suppliers or manufacturers. If the Company could not find other suppliers or manufacturers, production of the Company's products would be delayed for an indefinite period of time and such delays would lead to delayed revenues or reduced revenues or both.

There is no assurance that the Company will be able to secure the funds needed for future development, and failure to secure such funds could lead to a lack of opportunities for growth.

The testing is required in order to obtain required regulatory approvals from Health Canada, the EPA and FDA in the US and the EMA in the EU. A lack of funds would impair the ability of the Company to complete such tests. A lack of funds would also impair the Company's ability to establish marketing and sales plans once the products have been approved for sale. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various activities and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company and the Company's products have limited brand awareness which limits the ability of the Company to gain credibility from prospective customers and to sell its products into new markets.

Market knowledge of the Company's name is limited. The Company will need to devote considerable resources to educate new markets about the products the Company offers. In establishing new markets, the Company will be competing with companies that are potentially already entrenched in such markets or may be better funded than the Company. The ability of the Company to raise brand awareness will depend on its ability to raise the money required to undertake such an intensive marketing effort. As noted elsewhere, there is no assurance that the Company can raise funds required for such an investment in marketing.

The Company has limited sales and marketing experience and can provide no assurance that the Company can keep its current customers or gain new ones.

The Company has limited experience in marketing and selling its products and the Company has no sales or marketing staff. The Company will have to expend substantial funds to promote and develop its products. The Company's success in this regard will depend on the quality of its products and its ability to develop and implement an effective sales and marketing strategy. Failure to achieve the marketing objectives will have a material adverse effect on the Company and on its results of operations and financial condition.

Conflicts of interest may exist for Directors and Officers which may inhibit their ability to act in the best interests of the Company and its shareholders leading to possible impairment of the Company's ability to achieve its business objectives.

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are directors and officers of other companies. The directors and officers of the Company will be required by law to act in the best interests of the Company. They will have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Management of the Company can, through their stock ownership in the Company, influence all matters requiring approval by the Company's shareholders.

Management of the Company at the time of this report, collectively own approximately 5% of the Company's issued and outstanding common shares at that date. These shareholders, if acting together, could significantly influence all matters requiring approval by the Company's shareholders, including the election of directors and the approval of mergers or other business combination transactions. Management may not make decisions that will maximize shareholder value and may make decisions that will contribute to or cause the entrenchment of management.

The value and transferability of the Company shares may be adversely impacted by the limited trading market for the Company's common shares.

No assurance can be given that a market for the Company's common shares will be quoted on an exchange in the U.S. or on the Over the Counter Bulletin Board. The Company's common shares may be subject to illiquidity and investors may not be able to sell their shares in a timely manner.

The value and transferability of the Company shares may be adversely impacted by the penny stock rules.

The sale or transfer of the Company common shares by shareholders in the United States may be subject to the so-called "penny stock rules." Under Rule 15g-9 of the Exchange Act, a broker or dealer may not sell a "penny stock" (as defined in Rule 3a51-1) or effect the purchase of a penny stock by any person unless:

- (a) Such sale or purchase is exempt from Rule 15g-9;
- (b) Prior to the transaction the broker or dealer has (1) approved the person's account for transaction in penny stocks in accordance with Rule 15g-9, and (2) received from the person a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased; and
- (c) The purchaser has been provided an appropriate disclosure statement as to penny stock investment.

The SEC adopted regulations generally define a penny stock to be any equity security other than a security excluded from such definition by Rule 3a51-1. Such exemptions include, but are not limited to (1) an equity security issued by an issuer that has (i) net tangible assets of at least \$2,000,000, if such issuer has been in continuous operations for at least three years, (ii) net tangible assets of at least \$5,000,000, if such issuer has been in continuous operation for less than three years, or (iii) average revenue of at least \$6,000,000 for the preceding three years; (2) except for purposes of Section 7(b) of the Exchange Act and Rule 419, any security that has a price of \$5.00 or more; and (3) a security that is authorized or approved for authorization upon notice of issuance for quotation on the NASDAQ Stock Market, Inc.'s Automated Quotation System. It is likely that the Company's common shares, assuming a market were to develop in the US, will be subject to the regulations on penny stocks. Consequently, the market liquidity for the common shares may be adversely affected by such regulations limiting the ability of broker/dealers to sell the Company's common shares and the ability of shareholders to sell their

securities in the secondary market in the US. Moreover, the Company shares may only be sold or transferred by the Company shareholders in those jurisdictions in the US in which an exemption for such "secondary trading" exists or in which the shares may have been registered.

There is no guarantee that there is a market for the Company's common shares in the United States.

Although the Company's common shares were added to the OTC Bulletin Board System on April 20, 2009 under the symbol "APCSF", trading of the company's shares is very limited. The Company cannot guarantee that there will be a market for the Company's common shares in the United States or that there will any significant amount trading in the company's shares for the foreseeable future. The Company cannot guarantee that it will continue to maintain a listing in the United States or that it will not be found in default of existing regulations or new regulations and be suspended from trading or delisted.

Risks Pertaining to the Industry

Registration of products may not occur in a timely manner which could lead to delays in product introductions, reduced revenue expectations and extra costs to conduct further tests to satisfy regulatory agencies.

Government agencies, such as the EPA and the Food and Drug Administration ("FDA") in the United States and Health Products and Food Branch in Canada, need to provide approvals of the Company's products prior to any sales of these products. To obtain such approvals, the Company must submit extensive amounts of information on the efficacy, toxicology, carcinogenicity, mutagenicity and other testing of the products that it is trying to register. After all of the information is provided, the agencies can request supplemental information and further testing. Once all of the requirements for documentation are satisfied, the agencies can take an indeterminate amount of time to provide approvals for the Company to market its products. Significant delays could lead to slower revenue growth than anticipated. In addition, regulatory delays can allow time for competitors to devise strategies to prevent or reduce market penetration. There is no assurance that government agencies will accept for registration any of the Company's products.

The Company is very dependent on the registration and sale of its commercial, retail and pharmaceutical products.

If the Company is not successful in achieving regulatory approval of its products, its ability to generate revenues will be impaired. Even if registrations are successful, there is no guarantee that the Company will be able to maintain the registrations or be able to pass inspections by the regulatory authorities that permit the sale of the Company's products. In the event of a failed inspection, it is possible that the Company may be ordered to stop the sale of its products or undertake a recall of products that the regulatory authorities deem to be non-compliant with existing regulations. If the Company is ordered to recall or stop the sale of any of its products, the ability of the Company to generate revenues will be impaired. If such a recall or suspension of sales occurs, there is no guarantee that the Company will, at any future date, be able to resume the sale of the suspended or recalled products.

There is a risk that the Company's intellectual property infringes upon the rights of other companies, which could lead to reduced revenues, reduced margins due to sanctions against the Company, outright withdrawal or prohibition of products or trademarks from the market and significant costs for legal defense against infringement claims, re-branding of products and revised marketing materials.

The Company is unaware of any infringement claims being made against the Company or its products or processes at the time of writing. In the future, there can be no assurances that third parties will not assert infringement claims in the future or require the Company to obtain a license for the intellectual property rights of such third parties. There can be no assurance that such a license, if required, will be available on reasonable terms or at all. If the Company does not obtain such a license, it could encounter delays in the introduction of products or could find that the development, manufacture or sale of products requiring such a license could be prohibited.

There may be limited ability to defend the patents if and when they are issued, leading to loss of sales that might otherwise be realized if the Company was in a position to defend its patents.

Litigation among pharmaceutical companies can be intense and costly. The Company might not have the financial ability to defend its patents, if issued, against larger industry players. Litigation may be necessary to enforce patents issued or assigned to the Company, or to determine the scope and validity of a third party's proprietary rights. Additionally, there can be no assurances that the Company would prevail in any such action. An adverse outcome in litigation or as part of an interference or other proceeding in a court or patent office could subject the Company to significant liabilities, require disputed rights to be licensed from other parties or require the Company

to cease using certain technology or products, any of which could have a material adverse effect on the Company's business.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

Capital Pool Company

The Company was incorporated by registration of its Memorandum and Articles under the BC Companies Act on May 30, 2000 under the name "Duft Biotech Capital Ltd." and was classified as a Capital Pool Company ("CPC") on the TSX Venture Exchange. Under the policies of the TSX Venture Exchange, the principal business of a CPC is to identify and evaluate opportunities for acquisition. The completion of such an acquisition is referred to as a Qualifying Transaction. A CPC does not carry on any business other than the identification and evaluation of assets or businesses in connection with potential Qualifying Transactions, does not have business operations or assets other than seed capital and has no written or oral agreements for the acquisition of an asset or business at the time of formation.

A "Qualifying Transaction", pursuant to the policies of the TSX Venture Exchange, is a transaction whereby a capital pool company:

- (a) Issues or proposes to issue, in consideration for the acquisition of significant assets or businesses, common shares or securities convertible, exchangeable or exercisable into common shares, which, if fully converted, exchanged or exercised would represent more than 25 percent of its common shares issued and outstanding immediately prior to the issuance;
- (b) Enters into an arrangement, amalgamation, merger or reorganization with another issuer with significant assets, whereby the ratio of securities which are distributed to the security holders of the capital pool company and the other issuer results in the security holders of the other issuer acquiring control of the resulting entity;
or
- (c) Otherwise acquires significant assets other than cash.

On December 28, 2017, the Company completed the acquisition of all the common shares of HealthTab. HealthTab's primary asset is intellectual property and certain trademarks and web domains related to the design of the HealthTab system, being a lab-accurate, point of care testing platform.

Financings

The Company has financed its operations since inception through funds raised in a series of private placements of common shares:

Fiscal Year Ended June 30,	Nature of Share Issuance		Number of Shares	Amount (\$)
2001	Private Placement @ Canadian Prospectus Offering	\$0.34	294,119	\$100,000
2002	(IPO) @ Broker's Warrant Shares on Canadian Prospectus Offering	\$0.68	300,000	\$204,000
2003	(IPO) @	\$0.68	37,500	\$25,500
2004	Private Placement @	\$0.60	86,667	\$52,000
	Private Placement @	\$0.80	1,550,000	\$1,240,000
2005	Private Placement @	\$0.40	750,000	\$300,000
2006	Private Placement @	\$0.20	979,000	\$195,800
	Private Placement @	\$0.20	275,000	\$55,000
2007	Private Placement @	\$0.20	357,500	\$71,500
	Private Placement @	\$0.40	2,000,000	\$800,000
2008	Private Placement @	\$0.48	500,000	\$240,000
	Private Placement @	\$0.60	875,000	\$525,000
2009	N/A			N/A
2010	Private Placement @	\$1.00	1,500,000	\$1,500,000
2011	Private Placement @	\$0.40	818,750	\$327,500
	Private Placement @	\$0.40	500,000	\$200,000
2012	Private Placement @	\$0.40	140,000	\$56,000
2013	Private Placement @	\$0.40	2,000,000	\$800,000
2014	Private Placement @	\$0.40	937,500	\$375,000
2015	Private Placement @	\$0.60	1,901,833	\$1,141,100
Stub period ended December 31, 2015	N/A			N/A
31-Dec-16	N/A			N/A
31-Dec-17	Private Placement @	\$0.15	10,585,326	\$1,587,799
31-Dec-18	Private Placement @	\$0.15	5,327,335	\$799,100

4.B. Business Overview

Operations & Principal Activities

Avricore Health Inc. is a total health innovator capitalizing on technological advancements and consumer health trends, offering consumers and health providers the ability to take control of spending and health outcomes.

The company had delivered an effective range of generic pharmaceuticals in the past as VANC Pharmaceuticals Inc. Since its repositioning in late 2017 and official rebranding in late 2018 the company's new focus is now on health innovations in revolutionary point-of-care-technologies (POCT) for targeted health therapies. Through technology and data, Avricore foresees securing opportunities to distribute endocannabinoid products, nutraceuticals and medicinal cannabis.

To complete its repositioning and refocused marketing plan, Avricore Health launched a new website, www.avricorehealth.com, in April 2019.

Avricore sees the community pharmacy as underutilized and has identified an opportunity as a healthcare centre and is committed to supporting their ability to deliver innovation to the modern healthcare consumers. Our company hopes to improve health outcomes for patients and lower overall healthcare system costs in this way, bridging traditional healthcare platforms with disruptive innovations and eventually achieving the healthcare cost savings government and private payors are seeking to achieve

Avricore Health innovations proudly include partnerships with companies, such as Molecular You, to deliver a proprietary cannabis test called MyCannabisPGX delivered through the Avricore HealthTab Platform, which provides better decision support for safe and effective use of medical cannabis. This summer, a pilot project will see this test offered in pharmacies in the Greater Toronto Area, with the view to expand nationally.

This is all possible thanks to our HealthTab™ technology, which provides lab-accurate results for specific blood work within 12 minutes. Installed at the pharmacy and administered by the attending pharmacist, the patient can quickly access up to 21 bio-markers. The advantage of this innovation is that a consumer can quickly access data on their health with simple patient assisted finger prick to share with their physician and healthcare team, track their health overtime, measure the impacts of therapies they are under taking and screen for potential health risks.

HealthTab™ allows for these innovations to be accessed in a low barrier manner at the community pharmacy level for a balanced cost. The pharmacist also is able to benefit from this new revenue stream, build a deeper relationship with clientele and fully realize their ability to deliver lower cost healthcare support.

Currently, the company has been engaged in pilot programs across the county to optimize this offering. Pharmacist and patient feedback has been gathered from these programs to support a broader launch into several pharmacy chains. Currently there are late stage discussions with major pharmacy chains, as well as a strong prospect list for future expansion.

Another acquisition includes an online education and direct sales platform to pharmacists called Corozon Platform. This innovative platform experienced success in attracting a subscription paying consumer base and generating revenues. Avricore is looking to utilize the platform as a medical cannabis education portal and direct sales platform and is currently in the process of developing this model for a launch by 2020.

The company generates revenue from Hemafer, it's iron replacement therapy, and continues to expand sales of Hemafer increasing both the geographic scope and volume of sales by adding Calgary Co-Op, Value Drug Mart and Sobey's in 2018.

Revenues for the CortiVera 0.5% creams and ointments, as well as SennAce, have ceased production as per plan. The remaining inventory has been rolled out for sale. Revenues for CortiVera were significantly impacted by aluminium tariffs and the increased in API price, meaning it saw steep profit decline in this period. Currently, only one generic product remains, Sildenafil, however; marketing is projected to stop in summer 2019.

Avricore is focused on expanding and further deploying its HealthTab and online Corozon Platform to best meet the current community pharmacy sector's needs. Community pharmacy is expected to focus increasingly on cognitive services with attendant point of care testing as well as medical cannabis in the

future. These offer the pharmacy new ways to generate revenue as their margins are being reduced by changes in generic drug reimbursement with the Pan-Canadian Select Molecule Price Initiative for Generic Drugs that has come into effect on the 1st April 2018.

Avricore commissioned external consultants to initiate an audit of its business operations and to implement best practice solutions to its regulatory, marketing and sales initiatives. As a first step, the company is implementing a comprehensive sales reporting and benchmarking program to support marketing and sales activities. Furthermore, Avricore has appointed Philippe Ugnat as a Strategic Advisor to help drive the corporate growth and strengthen the Company's presence in the Province of Ontario and Québec.

Adding to the capacity of the Avricore team are board advisors Hector Bremner, Ray Chepsiuk and Mark Zhou.

Mr. Bremner's past experience as a senior advisor to BC's Minister of International Trade and Deputy Premier, as well as being an elected Councillor in Vancouver BC, complements his 15 years of senior level marketing and communications roles. He joined Avricore in January 2019 as Board Advisor, Strategic Communications and Government Relations. In June 2019, he will become Avricore's Vice-President of Strategic Communications and Public Affairs.

Mr. Chepsiuk's illustrious career has seen him recognized many times for excellence. He has been a pharmacy owner and served for two decades as the Commissioner (CEO) Pharmaceutical Advertising Advisory Board (PAAB) where he oversaw the advertising standards for pharmaceuticals in Canada. He is considered the leading authority on standard of practice and guides Avricore in maintaining the highest standards of practice.

Mr. Zhou is also a pharmacy owner, President of the Chain Drug Store Association of BC and a lecturer at UBC's School of Pharmacy. He also serves as the Pharmacy Services Manager for McKesson Canada. His invaluable insight into the current pharmacy environment provides Avricore with the market knowledge it needs to succeed and enhances its business development strategies.

Management has laid the foundations and positioned the company to capitalize on the changing community pharmacy environment. Over the next several months Avricore will embark on, and announce, several initiatives that will increase sales of its core businesses including OTC products and point of care testing.

HealthTab Point of Care Tests

- Pharmacies continue to face severely reduced revenues as a result of pricing changes by the Government of Canada, as well as regional government actions against rebates. As a result, pharmacy owners are actively looking for innovations in service and value-added services, like HealthTab, to support their businesses growth beyond the traditional dispensing model.
- Since being acquired by Avricore Health Inc. (formerly VANC Pharmaceuticals Inc.), HealthTab has focused on streamlining operations to reduce the time and costs associated with new deployments.
- Key developments in the later quarters of the year have included:
 - Expanding HealthTab into more pharmacy locations in Ontario.
 - Developing 7 new pharmacy partner locations in Ontario with a major chain in the GTA were launched in Q4.
 - Expansion in service billables with eight locations in the GTA showing an increase over 30% YoY.

- Continued to negotiate new PoC service integrations to expand the HealthTab testing menu.

Corozon Platform

This first of its kind, pharmacist facing, portal platform addressing technology and point of care was acquired 2018 is comprised of two modules:

- Corozon Academy (e-learning)
- Corozon Store (e-commerce)

Scheduled to be re-branded and launched in late 2019, this educational tool and distribution channel will be the first online portal for pharmacists seeking reliable and accurate product knowledge on medicinal cannabis .

The upfront and on-going subscription-based model also allows us to efficiently market new services and products directly to pharmacists throughout Canada such as cannabis modules. Also supports White Label opportunities and other product distribution potential.

As the full launch of the Corozon platform was postponed during the year ended December 31, 2018 the value of the Corozon platform was written down to \$1 as at December 31, 2018.

Non-Prescription and Generic Products

Endocannabinoid-Supporting Product Line

- Avricore Health's partner, Emerald Health Therapeutics has filed for approval of its endocannabinoid-supporting product line with Health Canada Natural and Non-prescription Health Products Directorate (NNHPD).
- Once Emerald Health Therapeutics receives approval, the endocannabinoid-supporting product line will be made available for sale on the Corozon Platform shortly thereafter.

Hema-Fer

- New physician samples and updated marketing materials to medical clinics continued to be distributed.
- Sales of Hema-Fer through the Amazon store continue to be consistent. New marketing initiatives have been explored and will be launched shortly to drive traffic.
- Hema-Fer has been listed by a significant pharmacy partner in Atlantic Canada, which will drive sales in the next quarter.
- Avricore continues to have discussions with pharmacy partners to expand the scope of listings to position Hema-Fer as the brand name heme iron supplement of choice.

CortiVera

- Avricore Health has previously made the decision not to move forward with further manufacturing of CortiVera 0.5% cream, CortiVera 0.5% ointment and CortiVera Plus 1% ointment. In line with this earlier decision, existing inventory was rolled out but no further production was initiated.

SennAce

- Avricore Health has previously made the decision not to move forward with further manufacturing of this product. In line with this earlier decision, existing inventory was rolled out but no further production was initiated.

Generic Prescription Products

- Avricore continued the process of winding down its generic portfolio, moving all DINs to Dormant status with Health Canada, and working with regulatory consultants to ensure compliance with Health Canada

until such a point when we can completely exit the market.

- The Company is in discussions to explore opportunities that can potentially expedite its exit from this market to reduce ongoing regulatory costs.

Industry Trends

Industry Trends

According to PWC Canada's most recent consumer survey (<https://www.pwc.com/ca/en/industries/retail-consumer/consumer-insights-2019/bringing-health-care-online.html?icid=cnsmr-mrks-feature-ct-lp-bringing-health-care-online-en>), Canadians consumers have been utilizing technology to take better control of their health and 75% of them have as many as three health related apps installed on their mobile device.

They also state: "*Many Canadians are willing to share their personal information to facilitate ease of access to personal health information through digital channels. Think of accessing lab or diagnostic test results online days after getting the test, instead of having to wait for results and visiting the doctor, or waiting for a phone call.*"

The internet of things has hit healthcare consumer trends in a large way and consumers are benefitting from faster, lower cost analysis direct to their device. The Global Consumer Insights Survey (GCIS) demonstrated the rapid shift with more than two-thirds of those surveyed stating they trusted tech companies - not known to be in healthcare, but in hardware, software and online shopping - to access healthcare services.

67% of consumers stated they were either "somewhat comfortable or very comfortable" with accessing healthcare products and services from a company with all their information collated in one place. This means companies offering health insurance, over-the-counter medications, or digital diagnostics.

Healthcare data, its capture, analysis and delivery to the consumer is a top market priority as consumers are looking to take greater control, however; those same consumers are looking to companies to manage the security of that data well and use it ethically.

The MIT Technology Review has looked at consumer pay genomic services, largely offered online, and have found that 26 Million (<https://www.technologyreview.com/s/612880/more-than-26-million-people-have-taken-an-at-home-ancestry-test/>) people have taken one of these tests. "You may discover unexpected facts about yourself or your family when using our services," warns the most popular company's [privacy statement](https://www.ancestry.com/cs/legal/privacystatement) (<https://www.ancestry.com/cs/legal/privacystatement>). "Once discoveries are made, we can't undo them."

In addition to the shift in direct access healthcare technology is offering, policy changes toward healthcare policy is also creating dynamics within the market.

The Ontario Pharmacy Evidence Network's most recent [paper](https://www.open-pharmacy-research.ca/wp-content/uploads/Future-of-Pharmacy-White-Paper-REVISED-for-posting-Jan-2019.pdf) (<https://www.open-pharmacy-research.ca/wp-content/uploads/Future-of-Pharmacy-White-Paper-REVISED-for-posting-Jan-2019.pdf>) looked at a wide ranging of policy changes affecting Ontario alone. They found an industry going through "significant changes" thanks to the *Patients First Action Plan* and the *Proposal to Strengthen Patient-Centered Health Care in Ontario* are driving a more date-driven and patient centered approach.

It has also meant that pharmacy has had to contend with offering greater service innovation with less revenues, as controls placed on generic drug pricing and limits on certain revenue streams, like manufacture rebates, have come into effect.

"As pharmacies develop their own technology," the authors state "the integration of health care provider records and the emergence of patient-controlled or viewable health records are important areas of health care transformation."

This means consumers want better data control about their health and the market will need to deliver.

Sales

The gross revenue was \$827,961 for the year ended December 31, 2018 (2017: \$1,617,083). Net sales were \$226,445 for the year ended December 31, 2018 (2017: \$537,714) after deducting the cost of customer marketing and promotional incentives of \$601,516 (2017: \$1,079,369) for the year ended December 31, 2018. There is limited effect of seasonality on the Company's main business. The Company reviewed its portfolio and is discontinuing generic products.

The Company has previously employed national sales directors, marketing managers responsible for doctor detailing, and sales brokers. In 2017, the position of national sales director was eliminated, and the Company has transitioned to broker agreements. The shift in focus has allowed the Company to significantly streamline its sales force and engage with sales brokers across Canada. The Company now has 7 sales representatives in Western Canada, 12 in Ontario, and 5 in Atlantic Canada. These agreements, predominantly commission based, come at a far lower cost and provide greater coverage than the Company's previous model utilizing national sales directors. The Company continues to have doctor detailing agents in the Greater Vancouver Regional District and Greater Toronto Area.

Manufacturing

The Company does not have any of its own manufacturing facilities and it currently relies, and expects to continue to rely, on third parties for the manufacture of products. The Company has a finalized agreement for the manufacture of Hemafer to, package and deliver this product. The supplier will manufacture, and the Company will market and sell the product under its own label. The Company is not directly involved in the sourcing of raw materials for pharmaceutical products, which is carried out by contract manufacturing partners. Historically, the Company has experienced little to no volatility caused by raw material price deviations.

4.C. Organization structure

The Company is not part of a group and has two wholly-owned subsidiaries, VANC Marine Pharmaceuticals Inc. and HealthTab Inc., each of which are incorporated in British Columbia. VANC Marine Pharmaceuticals Inc. is currently inactive.

4.D. Property, Plant and Equipment

The Company has no facilities.

The Company uses outside manufacturers for its production needs.

ITEM 4A UNRESOLVED STAFF COMMENTS

--No disclosure necessary.--

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This discussion should be read in conjunction with the audited consolidated financial statements of the Company and related notes included therein.

5. A. Operating Results of the Company

Overview

In December 2015, the Company commercialized its first OTC product: Cortivera™ and Cortivera Plus™ for a wide range of minor skin irritations, allergic reactions and eczema. In March 2016, the Company launched HemaFer™, a premium natural iron supplement. In May 2016, the Company launched Cortivera-H, a 1% hydrocortisone cream sold in large format jars for pharmacy dispensary use. In February 2017, the Company launched SennAce, a vegetable sourced laxative also targeted for pharmacy dispensary use. In May 2017, the Company entered into an agreement with bioLytical to be the exclusive distributor to Canadian pharmacies of the INSTI HIV 1/HIV 2 Rapid Antibody Test. The Company made the decision at the end of 2017 to wind down the generic portfolio and is in the process of depleting existing inventory. As of end of December 2018 the Company has one generic product that is still being marketed, Sildenafil, and have decided to strategically wind down the OTC products to provide a greater focus on Hemafer.

Results of Operations for the year ended December 31, 2018

Revenue

The gross revenue was \$827,961 for the year ended December 31, 2018 (2017: \$1,617,083). Net sales were \$226,445 for the year ended December 31, 2018 (2017: \$537,714) after deducting the cost of customer marketing and promotional incentives of \$601,516 (2017: \$1,079,369) for the year ended December 31, 2018.

The gross revenue was \$327,349 for the quarter ended December 31, 2018 compared to \$261,309 in the same quarter last year, and the net sales were \$(85,479) for the quarter compared to \$112,537 in the same quarter last year.

The decrease in gross revenues for the year and three months ended December 31, 2018 is in part due to transition the Company is going through during this period.

The Company's generic products portfolio forms about 50% and the Company's produced about 50% of the gross revenue. Intense competition in this segment leads to lower margins. Currently we are selling to pharmacy chains and independent pharmacies. The Company reviewed its portfolio and is discontinuing generic products.

The Company's sale of higher margin Hemafer (BTC) is showing better acceptance within the medical community. The product is listed with all the major distributors in Canada. There has been a positive trend in the sale of the BTC product from quarter to quarter.

Manufacturing

The Company does not have its own manufacturing facilities and currently relies, and expects to continue to rely, on the third-party manufacturers of the product. The Company has an agreement in place with a local manufacturer in Richmond, BC for the manufacturing of Hemafer.

Results of Operations for the year ended December 31, 2017

Revenue

The Company is continually developing the sales of its generic and OTC products. The gross revenue was in amount of \$1,617,083 for the year ended December 31, 2017 (2016: \$2,461,933). Net sales were in amount of \$537,714 for the year ended December 31, 2017 (2016: \$1,013,690) after deducting the cost of customer marketing and promotional incentives of \$1,079,369 (2016: \$1,448,243) for the year ended December 31, 2017.

Manufacturing

The Company does not have any manufacturing facilities and it currently relies, and expects to continue to rely, on third parties for the manufacture of products.

Selling and Marketing Expenses

Selling and marketing expenses were in the amount of \$696,161 for the year ended December 31, 2017 (2016: \$663,822) which consist of: sales personnel payroll costs of \$335,920 for the year ended December 31, 2017 (2016: \$329,091); marketing and advertising costs in relation to the promotion of generics and OTC products to the market in amount of \$178,058 for the year ended December 31, 2017 (2016: \$105,658), logistics and distribution costs of \$102,948 for the year ended December 31, 2017 (2016: \$161,304) and sales force travel and customer relations expenses of \$79,235 for the year ended December 31, 2017 (2016: \$67,769).

The efficiencies in the Selling and Marketing expense compared to prior periods is due to restructuring and further optimization of the Sales Force department. The Company provides free samples of OTC products as a part of its market awareness strategy. The Company is providing professional use only samples of the OTC products to medical doctors as part of its market awareness strategy. The total cost of the free samples is in the amount of \$14,245 for the year ended December 31, 2017 and was reported as part of marketing and advertising expense.

Results of Operations for the year ended December 31, 2016

Revenue

The Company is continually developing the sales of its generic and OTC products. The gross revenue was in amount of \$2,461,933 for the year ended December 31, 2016 (six months ended December 31, 2015: \$561,344) Net sales were in amount of \$1,013,690 for the year ended December 31, 2016 (six months ended December 31, 2015: \$150,754) after deducting the cost of customer marketing and promotional incentives of \$1,448,243 (six months ended December 31, 2015: \$410,590) for the year ended December 31, 2016.

Sales and Marketing Expenses

Sales and marketing expenses in the amount of \$663,822 for the year ended December 31, 2016 (six months ended December 31, 2015: \$103,123). Which consist of sales personnel payroll cost of \$329,091 for the year ended December 31, 2016; marketing and advertising costs in relation with the promotion of generics and OTC products to the market in amount of \$105,658 for the year ended December 31, 2016, logistics and distribution cost of \$161,304 for the year ended December 31, 2016 and sales force travel and customer relations expenses of \$67,769 for the year ended December 31, 2016.

The increase in the sales personnel related costs is due to the hiring of sales force to support the commercial activity in British Columbia and Ontario. The man power was further expanded in Alberta and Quebec in Q4. The Company provides free samples of OTC products as a part of market awareness strategy. The total cost of the free samples is in the amount of \$65,536 for the year ended December 31, 2016 was reported as part of marketing and advertising expense. Marketing expenses in comparable period of 2015 were mostly in relation with attending seminars and conferences.

The Company expect to incur additional expenses associated with sales and marketing activities.

General and administrative expenses

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016	Six Months Ended December 31, 2015
	\$	\$	\$	\$
Management and consulting fees	187,883	192,621	242,667	155,084
Payroll	30,534	79,847	122,330	149,034
Bad debt	40,967	62,930	99,000	-
Investor relations	9,974	7,174	70,332	58,024
Office maintenance	86,700	180,984	55,168	33,881
Legal, audit and accounting	268,621	279,097	61,409	37,587
Travel	45,426	41,246	34,020	33,961
Insurance	18,147	34,573	34,453	25,250
Seminars and conferences	-	-	445	14,582
Rent	50,336	49,229	46,050	20,429
Filing and registration fees	94,029	74,898	62,130	13,688
Amortization	13,854	13,854	14,668	8,513
Bank service charges	3,969	2,480	1,330	1,690
Foreign exchange	692	3,630	(3,210)	-
	568,657	637,234	840,792	551,723

Year ended December 31, 2018

Product Registration and Development Expenses

Product Registration and Development cost consists of the product registration, in-licensing, renewal of licenses, other regulatory fees and regulatory personal salaries and consulting fees for the total of \$33,278 (2017: \$71,804) and \$251,508 (2017: \$242,303) for the three months and year ended December 31, 2018 respectively. We currently have one senior regulatory consultant doing the product filings process with Health Canada and other regulatory agencies to support the increased level of OTC and generic product lines.

Sales and Marketing Expenses

Sales and marketing expenses in the amount of negative \$72,281 (2017: \$172,679) due to reclassification in the Q4 2018, and \$472,496 (2017: \$696,161) for the three months and year ended December 31, 2018 respectively. Which consist of sales personnel payroll cost of \$173,536 for the twelve months ended December 31, 2018 (2017: \$335,920); marketing and advertising costs in relation with the promotion of generics and OTC products to the market in amount of \$193,106 for the twelve months ended December 31, 2018 (2017: \$178,058), logistics and distribution cost of \$104,407 for the twelve months ended December 31, 2018 (2017: \$102,948) and sales force travel and customer relations expenses of \$1,447 for the twelve months ended December 31, 2018 (2017: \$79,235).

For the three months ended December 31, 2018 sales personnel payroll cost of \$41,292 (2017: \$76,057); marketing and advertising costs in relation with the promotion of generics and OTC products to the market in amount of negative \$127,949 for the three months ended December 31, 2018 (2017: \$57,754), logistics and distribution cost of \$13,912 for the three months ended December 31, 2018 (2017: \$24,635) and sales force travel and customer relations expenses of \$464 for the three months ended December 31, 2018 (2017: \$14,233).

The decrease in the Selling and Marketing expense compared to prior periods is due to restructuring and further optimization of the Sales Force department. The Company provides free samples of OTC products as a part of market awareness strategy. The Company is providing professional use only samples of the OTC products to medical doctors as part of our market awareness strategy.

The increase in management and consulting fees in 2018 compared to 2017 was mainly due to hiring consultants for the HealthTab division acquired at the end of December 2017. All other general and administrative expenses were reduced significantly during the twelve and three months ended December 31, 2018 due to the Company changing its major business direction and entering into new areas. The change requires detailed analysis of the market, change in the office personnel and accordingly reduction in office and payroll expenses.

The increase in amortization in 2018 from \$13,854 incurred during twelve months ended December 31, 2017 to \$535,509 incurred during the same period of 2018 was mainly due to the amortization of the Corozon Platform and intangible assets related to the acquisition of HealthTab and Emerald distribution rights.

Share-based compensation

Share-based compensation for the year ended December 31, 2018 was in amount of \$372,137 (2017: \$311,389; 2016: \$922,922; six months ended December 31, 2015: \$630,401) and is a non-cash item that represents the allocation of the fair value of options over the vesting period.

On May 31, 2016, the Company received TSX Venture Exchange approval to extend the term of 976,250 common share purchase warrants (the “Warrants”). The original term of the Warrants had an expiry date of June 12, 2016. The Company extended the expiry date to December 20 2016, and amended the exercise price of the Warrants from \$0.50 per share to \$0.40 per share. In all other respects, the terms of the Warrants remained unchanged. The incremental fair value of warrant extension was estimated at \$186,500 using the Black-Scholes option pricing model and the following assumptions: risk free interest rate of 0.61%, expected volatility of 75.25%-110.30%, expected option life of 0.03 year-0.56 year and the expected dividends of \$nil. These warrants expired without exercise as of December 31, 2016.

5. B. Liquidity and capital resources

Liquidity

The Company’s operations have been financed through the issuance of common shares. The Company commenced to commercialize its generic and OTC products during the second half of 2015 but have not been able to generate positive cash flows from its operating activity yet. Management anticipates that additional financings or capital requirements to fund the current commercial operations and working capital will be required to grow the business to the sustainable level.

Cash flows

Sources and Uses of Cash:

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	\$	\$	\$
Cash used in operating activities	(1,725,047)	(1,767,296)	(2,064,090)
Cash used in investing activities	(155,000)	(132,552)	(6,340)
Cash provided by financing activities	1,404,756	2,032,099	362,000
Cash and Cash Equivalents	84,442	559,733	427,482

There is an overall cash outflow of \$475,291 for the year ended December 31, 2018 compared to cash inflow of \$132,251 for the comparable period in 2017.

Capital resources

Management devotes financial resources to the Company's operations, sales and commercialization efforts, regulatory approvals and business development. The Company will require cash to support working capital.

The future funding requirements will depend on many factors including:

- the extent to which the Company will be commercially successful in launching its new OTC products;
- the size, cost and effectiveness of the Company's sales and marketing program, distributions and marketing arrangements.

At December 31, 2018, the Company had working capital of \$439,228, compared to \$1,272,259 at December 31, 2017. The Company believes that its cash on hand, the expected future cash inflows from the sale of its products, net proceeds from the closing of private placements and proceeds from stock options and warrants exercised, if any, will be sufficient to finance the Company's working capital and operational needs for at least the next 6 months. If the Company's existing cash resources together with the cash the Company generates from the sales of its products are insufficient to fund its working capital and operational needs, the Company may need to sell additional equity or debt securities or seek additional financing through other arrangements.

Critical Accounting Policies

The consolidated financial statements of the Company present the reporting period from January 1, 2018 to December 31, 2018. They have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These accounting principles require the Company's management to make estimates, judgments and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes to the consolidated financial statements. The Company's management reviews these estimates and underlying judgments on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised. Actual results may differ from these estimates under different assumptions or conditions. Significant areas requiring management estimates include accounting for amounts recorded in connection recoverability of inventory valuation, reporting of revenue recognition, useful lives of depreciable assets, intellectual property, income taxes and accounting for share-based compensation expense.

The significant accounting policies that the Company believes are the most critical in fully understanding and evaluating the Company's reported financial results include inventory, revenue recognition, stock-based compensation and fair value measurements of financial instruments. These and other significant accounting policies are described more fully in Note 2 and 3 of the Company's annual consolidated financial statements for the year ended December 31, 2018.

Inventory

Inventories consist of raw materials comprising the ingredients used to manufacture OTC pharmaceuticals, as well as the packaging for these products, and finished goods comprising Canadian generic pharmaceuticals. All inventories are recorded at the lower of cost on a weighted average basis and net realizable value. The stated value of all inventories includes purchase, shipping and freight, and quality control testing. A regular review is undertaken to determine the extent of any provision for obsolescence.

Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the relevant receivable is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risks and rewards of ownership pass to the customer upon successful completion of shipment of pharmaceuticals. Provisions for sales discounts and returns are made on a per sale basis based on contractual and historical information.

Share-based payments

The Company operates an incentive share purchase option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes option pricing model, which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Significant estimates and judgments

Significant estimates used in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Inventory valuation

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by regulatory changes or other market-driven changes that may reduce future selling prices. In determining net realizable value, the Company considers such factors as turnover, historical experience, expiry dates and shelf life of the products. A change to these assumptions could impact the Company's inventory valuation and gross margin. The Company attempts to sell products with short shelf life with significant rebates. Any unsold products with short shelf life and expired products are written-off.

Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the relevant receivable is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risks and rewards of ownership pass to the customer upon successful completion of shipment of pharmaceuticals. Provisions for sales discounts, incentives, and rebates and returns are made based upon historical experiences.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain equipment.

Intellectual property

The recoverability of the carrying value of the intellectual property is dependent on successful development and commercial stage to the point where revenue is possible. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

Share-based payments

The Company grants share-based awards to certain directors, officers, employees, consultants and other eligible persons. For equity-settled awards, the fair value is charged to the statement of operations and comprehensive loss and credited to the reserves over the vesting period using the graded vesting method, after adjusting for the estimated number of awards that are expected to vest.

The fair value of equity-settled awards is determined at the date of the grant using the Black-Scholes option pricing model. For equity-settled awards to non-employees, the fair value is measured at each vesting date. The estimate of warrant and option valuation also requires determining the most appropriate inputs to the valuation model, including the volatility, expected life of warrants and options, risk free interest rate and dividend yield. Changes in these assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's options and warrants issued. Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

Changes in Significant Accounting Policies

IFRS 9 and 15 were implemented during the fiscal year ended December 31, 2018. There were no other changes in the Accounting Policies during the fiscal year ended December 31, 2018.

Accounting standards issued, but not yet in effective

The following is an overview of accounting standard changes that the Company will be required to adopt in future years.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company expects that the impact IFRS 16 will have on its consolidated financial statements is to record a right-of-use asset with an offsetting liability for its existing leases, as well as additional disclosure.

The Company estimates the value of the right-of-use asset and corresponding lease liability to be approximately \$100,000 on recognition.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company’s consolidated financial statements.

5.C. Research and development, patents and licenses etc.

The Company won’t be devoting resources to research, development and patents going forward. The Company is now focused on the manufacture and distribution of generic and over-the-counter (“OTC”) pharmaceuticals.

5.D. Trend information

There are significant market swings away from branded pharmaceuticals towards low cost generics. The Company will attempt to integrate itself into this shift.

5.E. Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

5.F. Tabular disclosure of contractual obligations

The Company has entered into contracts for leased premises, which expire in 2018. In September 2017, the Company extended the lease. Total future minimum lease payments under these contracts are as follows:

	December 31, 2018
	\$
Within 1 year	50,958
<u>2 years</u>	<u>58,602</u>
	109,560

5.G. Safe Harbor

This Annual Report on Form 20-F contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, principally in ITEM #4, “Information on the Company” and ITEM #5, “Operating and Financial Review and Prospects”. These statements may be identified by the use of words like “plan,” “expect,” “aim,” “believe,” “project,” “anticipate,” “intend,” “estimate,” “will,” “should,” “could” and

similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. In particular, these include statements about the Company’s strategy for growth, future performance or results of current sales and production, interest rates, foreign exchange rates, and the outcome of contingencies, such as acquisitions and/or legal proceedings and intellectual property issues.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, among other things, the factors discussed in this Annual Report under ITEM #3, “Key Information, Risk Factors” and factors described in documents that the Company may furnish from time to time to the Securities and Exchange Commission. The Company undertakes no obligation to update publicly or revise any forward-looking statements because of new information.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth certain information as of December 31, 2018 and as of the date of this report about the Company’s current directors and senior management. There have been no subsequent changes to the Company’s current directors and senior management, except as footnoted below:

Table No. 6:
Directors and Senior Management:

Name	Age	Position	Other Reporting Companies in Canada or the United States	
			Company	Position
Sukhwinder (Bob) Rai	48	CEO, Director	Venturi Ventures Inc.	Director
			Emerald Health Therapeutics Inc.	Director
Kevin Strong ⁽¹⁾	48	CFO	N/A	
Deena Siblock ⁽²⁾	49	Corporate Secretary	Belgravia Capital International Inc.	Senior Officer
David Hall	65	Director	RepliCel Life Sciences Inc.	Director
Alan Arnstein	51	Director	N/A	N/A
Sherif Guorgui	43	Director	N/A	N/A
Robert Sindelar	66	Director	N/A	N/A

⁽¹⁾ Appointed on May 23, 2019

⁽²⁾ Appointed on May 23, 2019

Mr. Bob Rai, CEO and Director is an entrepreneur with over 20 years of experience in operating “The Medicine Shoppe” Pharmacies in Canada and revolutionized the online pharmacy business in the US. He received “The Medicine Shoppe Canada Professional Achievement Award” for expanding the scope of pharmacists’ practice. During his time with Medicine Shoppe, Bob’s pharmacies were the first in Canada to launch two new government funded pilot programs: a revolutionary point of care HIV testing package utilizing the INSTI test and a partnership program with the Kidney Foundation of Canada to develop a more efficient screening method for chronic kidney disease using HealthTab technology. Due to his recognition for innovation and pioneering programs and technology in the pharmaceutical industry Bob was appointed as Interim CEO of Vancpharm in February 2017. VANC is now renamed to be called Avricore Health Inc. to reflect the company’s new vision (TSX-V:AVCR)

Bob has served the pharmaceutical industry in Canada in many meaningful ways outside of the framework of business. He is also a member of the Alumni UBC Advisory Council representing the Faculty of Pharmaceutical Science.

Bob has demonstrable passion for community support and charitable work. He has held many community-based positions such as: President of the Victoria Drive Business Improvement Association (1999), and Director of South Hill Business Improvement Association (2006-2012) where he also served as Chairman of the Safety and Security Committee. Bob has had the privilege of serving as a member of various boards which include: member of the Board of Directors for the Tapestry Foundation – a fundraising arm for facilities under Providence Health, member of the Board of Directors for the South Vancouver Neighborhood House, and member of the Rotary Club of Vancouver Fraserview as well as President of that chapter of the Rotary Club from 2011-2012. Due to the merger between the Tapestry Foundation and St. Paul's Hospital Foundation in April 2017, he is now a sitting member of the St. Paul's Hospital Foundation Board of Directors. Bob has worked as a sitting cabinet member for "A Night of Miracles" in support of BC Children's Hospital consecutively for the past 7 years, has served as Vice-Chair in 2016 and served as Chair of the gala for 2017 and 2018 including setting a record in 2018 for raising \$755,000 at the Gala event. Bob is also recognized as co-founder of the Canada-India Center of Excellence at Carleton University in Ottawa – an organization that each year grants a scholarship in the names of his father and of his wife's father. From 2007-2013 Bob sat on the Vancouver Committee of Gold Medal Plates which worked to raise money for Canadian Olympic and Para-Olympic athletes. The British Columbia Regiment has seen Bob Rai sponsor their Battleground Tour in 2012 and had Bob as a benefactor for their Mt. Kilimanjaro climb in 2014. Bob's work with his Medicine Shoppe locations (PharmacyBC.com) included a "Golf for a Cure", a successful fundraising event which has raised over \$125,000 in support of charities such as the Michael J. Fox Foundation, BC Home Care, and Meals on Wheels. Additionally, Bob has used his time in the Rotary Club to assist in the success of their annual gala/fundraiser dinner which helps raise funds for mental health, addiction, and youth in Vancouver. Bob is proud to be a founding sponsor of the Global Civic Policy Society and a sponsor of Sam Sullivan's Public Salons. Bob and his wife are also co-sponsors of the Dhahan Punjabi Literacy Awards which help promote the written language of Punjabi globally. Bob is a recipient of the Queen Elizabeth II Diamond Jubilee Medal and was awarded "The Paul Harris Fellow Award" for his contributions to the community. He received degrees in Biochemistry and Pharmaceutical Science from the University of British Columbia.

Mr. Kevin Strong, CFO is experienced in the areas of finance, accounting, human resources, business planning, business development, compliance and corporate governance. Mr. Strong also currently serves as Director, Corporate Development of Belgravia Capital International Inc. Prior to that, he was the CFO of several other public and private companies in the resource and agricultural technology sectors. For 8 years prior to that, Mr. Strong was the regional manager for the TSX Venture Exchange responsible for Manitoba and Saskatchewan. Mr. Strong has served as a Director on the boards of public, private and non-profit companies and has served as the Audit Committee chairman and Governance Committee chairman of a public company. He was previously a member of the Manitoba Premier's Economic Advisory Council.

Ms. Deena Siblock, Corporate Secretary has 20 years of experience in corporate governance, communications and risk management. Ms. Siblock also currently serves as Vice President, Corporate Affairs and Corporate Secretary of Belgravia Capital International Inc. Ms. Siblock is responsible for ensuring the integrity of the governance framework, efficient administration of the Company, and compliance with statutory and regulatory requirements. Ms. Siblock has distinguished herself as a leader in corporate governance and risk management, implementing comprehensive governance and risk management programs for Boards of Directors and demonstrating exceptional commitment and passion for corporate governance.

Mr. David Hall, Director is currently Chairman of RepliCel Life Sciences ("RepliCel") and a consultant to the life sciences industry. Mr. Hall served as CEO and President of RepliCel from 2012 through 2015. Prior to RepliCel, Mr. Hall acted as a consultant to the government, pharma industry, biotech, eHealth and NGO's for two years. For the prior 15 years, Mr. Hall was a business founder, CFO, CCO, Treasurer and Secretary of Angiotech Pharmaceuticals Inc. Mr. Hall is a Past Chair and board member of Life Sciences BC and current Chairman of

Providence Health Care Research Institute. He is the author of Life Sciences BC's position papers for the Premier's Competition Council Report and Conversation on Health. Mr. Hall was also a member of the BC Task Force on PharmaCare and serves on the board of directors of the Advantage BC. Mr. Hall holds an Honours degree in Economics and an Honours degree in Finance from the University of Manitoba.

Mr. Alan Arnstein, Director previously worked for the Katz Group Canada where he oversaw the development of the Medicine Shoppe from 28 stores to 175 stores (corporate and franchised) before the successful sale to McKesson Canada. Mr. Arnstein also was very involved in expanding the Rexall pharmacy brand across Canada including responsibility for acquiring and consolidating independent pharmacies under the Rexall banner. Mr. Arnstein has played and continues to play an active role in real estate projects including the leasing of the Ice District next to Rogers Place in downtown Edmonton, an estimated \$5.5B project.

Mr. Sherif Guorgui, Director is a third-generation pharmacist with extensive experience in various pharmacy sectors; such as retail, specialty, regulatory, industry, government and professional affairs. Mr. Guorgui is recognized as an individual who has played a significant role in promoting the value of pharmacists and pharmacy technicians in healthcare, and advocating for the pharmacy profession at community, provincial and international levels.

Mr. Guorgui earned his pharmacy degree from the University of Cairo in 1998. After completing the University of Toronto's International Pharmacy Graduates program, Mr. Guorgui has worked as a community pharmacist, managed and operated his own independent pharmacy, and been a franchise/Associate owner with Shoppers Drug Mart. Mr. Guorgui moved into corporate roles at Shoppers Drug Mart and Rexall/PharmaPlus before joining the Ontario Pharmacists Association ("OPA") as Vice President of Pharmacy. In 2016, Mr. Guorgui joined United Pharma Group as CEO. United Pharma Group is the fastest growing network of independent pharmacy owners in Canada now numbering over 90 members.

Mr. Guorgui has also served as President of the Ontario College of Pharmacists in 2011-2012. In this role, he focused on promoting the adoption of the expanded scope of practice among pharmacists and initiated accordingly various outreach programs aimed at fostering and encouraging ongoing communication with members of the College.

Mr. Guorgui is a board member of the Canadian Foundation for Pharmacy, the Ontario Pharmacists Association and the Neighbourhood Pharmacy Association of Canada. He is an advisory board member of the Humber College Pharmacy Technician Program, and is a mentor at the University of Toronto Career Centre Information Interview program.

Mr. Robert Sindelar, Director is a Professor in the Faculty of Pharmaceutical Sciences at the University of British Columbia (UBC) and an Advisor, External Relations to the Centre for Health Evaluation & Outcomes Sciences, Providence Health Care Research Institute and UBC. Dr. Sindelar is also an elected fellow International Pharmaceutical Federation, Chair of the Global Pharmacy Observatory Advisory Board of the International Pharmaceutical Federation, Member of the External Advisory Board, Trinity College Dublin, School of Pharmacy and Pharmaceutical Sciences.

Dr. Sindelar is also a past Dean of the Faculty of Pharmaceutical Sciences, UBC, President Providence Health Care Research Institute and VP Research and Academic Affairs, Providence Health Care.

Dr. Sindelar earned a B.A., Chemistry from Millikin University, a M.S. and Ph.D. in Medicinal Chemistry and Natural Products from the University of Iowa, College of Pharmacy.

The Directors have served in their respective capacities since their election and/or appointment and will serve until the next Annual General Meeting or until a successor is duly elected, unless the office is vacated in accordance with the Articles of the Company.

No Director and/or member of senior management had been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court or competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he is a Director and/or member of senior management, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he is an officer or director from engaging in or continuing any conduct/practice/employment in connection with the purchase or sale of securities,

or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

There are no family relationships between any two or more Directors or members of senior management.

There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a Director or member of senior management.

6.B. Compensation

Cash Compensation

Total compensation accrued and/or paid (directly and/or indirectly) to all Directors/Senior Management during the year ended December 31, 2018 and two previous years are detailed in Table No. 7 below:

Table No. 7
Annual Compensation of Senior Management

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Option/ SAR's Granted (#)	FMV ⁽²⁾ Options (\$)
Sukhwinder (Bob) Rai Chief Executive Officer	2018	164,540	Nil	Nil	Nil	Nil
	2017	132,613	Nil	Nil	850,000	148,125
	2016	Nil	Nil	Nil	Nil	Nil
Dong Shim Chief Financial Officer	2018	5,400	Nil	Nil	150,000	47,100
	2017	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil
Mark Kunzli Executive Vice President	2018	95,760	Nil	Nil	Nil	Nil
	2017	36,735	Nil	Nil	150,000	26,829
	2016	Nil	Nil	Nil	Nil	Nil
Leanne Ratzlaff Corporate Secretary	2018	18,500	Nil	Nil	25,000	4,945
	2017	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil
Rajshkumar Padhiyar Former Chief Financial Officer	2018	37,833	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil
Zula Kropivnitski Former Chief Financial Officer	2018	17,500	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil
Eugene Beukman Former Chief Financial Officer, Former Secretary ⁽¹⁾	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	36,010	Nil	Nil
	2016 ⁽²⁾	Nil	Nil	40,950	Nil	Nil
Arun Nayyar Former Chief Executive Officer ⁽¹⁾	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	24,000	Nil	Nil
	2016	Nil	Nil	198,100	Nil	Nil

- (1) Consulting/management fees were paid to a consulting company owned by senior management;
- (2) Share-based payments for options granted were measured using the Black-Sholes option pricing model.

Table No. 8
Director Stock Option at December 31, 2018

	Grant date	FMV⁽¹⁾ - \$	Issued	Vested	Expiry Date
Bob Rai, CEO, Director	Dec 6, 2017 Jan 27, 2017	142,159 92,857	550,000 @ \$0.28 300,000 @ \$0.22	550,000 300,000	Dec 6, 2022 Jan 20, 2019
Alan Arnstein, Director	Dec 6, 2017 Jul 20, 2017	6,462 23,018	25,000 @ \$0.28 150,000 @ \$0.15	25,000 150,000	Dec 6, 2022 Jul 20, 2022
Sherif Gourgui, Director	Dec 6, 2017 Aug 15, 2017	6,462 27,222	25,000 @ \$0.28 150,000 @ \$0.15	25,000 150,000	Dec 6, 2022 Aug 15, 2022
John Papastergiou, Former Director	Dec 6, 2017 Nov 15, 2017	6,462 18,636	25,000 @ \$0.28 150,000 @ \$0.15	25,000 150,000	Dec 6, 2022 Nov 15, 2022
David Hall, Director	Dec 6, 2017	155,082	600,000 @ \$0.28	600,000	Dec 6, 2022
Dr. Robert Sindelar Director	Mar 27, 2018	17,208	200,000 @ \$0.24	200,000	Mar 27, 2023

(1) Share-based payments for options granted were measured using the Black-Sholes option pricing model.

The following table gives certain information concerning stock option exercises during Fiscal 2018 by the Company's Senior Management and Directors. It also gives information concerning stock option values.

Table No. 9
Aggregated Stock Options Exercises in the year ended December 31, 2018
Fiscal Year-end Unexercised Stock Options
Fiscal Year-end Stock Option Values
Senior Management/Directors

Name	Number of Shares Acquired on Exercise	Aggregate Value Realized	Value of Unexercised In-the-Money Options at Fiscal Year-End Exercisable/Unexercisable
Total	0	\$0	\$0

Director Compensation: The Company has no formal plan for compensating its Directors for their service in their capacity as Directors. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the Board of Directors. The Board of Directors may award special remuneration to any Director undertaking any special services on behalf of the Company other than services ordinarily required of a Director. Other than indicated below no Director received any compensation for his services as a Director, including committee participation and/or special assignments.

Stock Options: The Company may grant stock options to Directors, Senior Management and employees. Refer to ITEM #6.E., "Share Ownership" and Table No. 8 for information about stock option grants.

Other Compensation: No Senior Manager or Director received "other compensation" in excess of the lesser of US\$25,000 or 10% of such officer's cash compensation, and all Senior Managers or Directors as a group did not receive other compensation which exceeded US\$25,000 times the number of persons in the group or 10% of the compensation.

Bonus/Profit Sharing/Non-Cash Compensation: Except for the stock option program discussed in ITEM #6.E., the Company had no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to the Company's Directors or Senior Management.

Pension/Retirement Benefits: No funds were set aside or accrued by the Company during the year ended December 31, 2016 to provide pension, retirement or similar benefits for Directors or Senior Management.

6.C. Board Practices

6.C.1. Terms of Office.

At every Annual General Meeting of the Company, the Directors are elected by the shareholders and serve as Directors until the next Annual General Meeting is held.

6.C.2. Directors' Service Contracts.

The Company retains its Officers as independent consultants. The Company will not be required to make contributions for employment insurance, Canada Pension, workers' compensation or other similar levies in respect of the fee for services to be paid to the Officers. Each Officer agrees to pay all required contributions and deductions for income taxes, workers' compensation and employment insurance and shall indemnify and save the Company harmless from and against all claims, actions, losses, expenses, costs or damages which the Company or its officers, employees or agents may suffer as a result of the Officer's non-compliance with this requirement.

Each Officer agrees to provide sufficient time and attention to the business and affairs of the Company, to advise and counsel the Board of Directors of the Company and to channel to the Company all knowledge, business and customer contacts and any other information that could concern or be in any way beneficial to the Company. All information communicated to the Company will be the property of the Company. The Officers acknowledge that each is a "person in a special relationship", as that expression is defined in the securities laws of various provinces of Canada, and may receive material information concerning the business and affairs of the Company that has not been generally disclosed, and covenant and agree that they will not purchase or sell any securities of the Company until such information has been generally disclosed. The Company is aware that the Officers may provide services to certain other companies from time to time as disclosed above. The Officers agree that they will not provide services to any other companies without the written approval of the Company.

The Company will pay a consulting fee in the amount of (Cdn) \$12,500 per month to Kevin Strong for CFO consulting services and Deena Siblock for Corporate Secretarial consulting services through a consulting agreement with Belgravia Capital International Inc. The fees payable will be reviewed annually, and may be adjusted by the Company in consultation with the Officers to reflect general economic conditions, changes in the duties provided under this Agreement or performance by the Officers.

The fees payable will be reviewed annually, and may be adjusted by the Company in consultation with the Officers to reflect general economic conditions, changes in the duties provided under this Agreement or performance by the Officers. The Officers are entitled to participate in the Company's incentive stock option plan (Exhibit 4.m). The Company will reimburse the Officers for all reasonable travelling and other out-of-pocket expenses incurred in connection with services provided to the Company. The Officers will be entitled to participate in any benefit programs established by the Company. To date, no such plans are in place.

Inventions of any type made by the Officers become the sole property of the Company which will hold all intellectual property rights for such inventions. If the Company chooses to patent, copyright, trademark or otherwise protect the inventions, the Officers will assign their rights to the Company. The Officers will treat all information of the company as confidential except any information that is presently in the public domain, any information that subsequently becomes part of the public domain, any information obtained by the Officers from a third party with a valid right to disclose it or any information that was independently developed by the Officers or was in their possession prior to receipt from the Company.

The Officers agree that they shall not engage in any activity that is contrary to or detracts from the performance of the business of the Company, will not receive any personal benefit from any party having business with the Company without the approval of the Board of Directors of the Company and, during the term of the agreement and for a period of one year afterwards, will not compete with the Company or solicit customers or employees of the Company.

The Officers may terminate their respective agreements with the Company by giving thirty (30) days written notice to the Company. The Company may waive such notice and, if it does so, such agreements will cease on the date the Company waives such notice. The Company may terminate the agreements without notice or payment in lieu of notice for breach of the agreement. The Company may terminate any agreement at its sole discretion and for any reason upon giving the Officer written notice of termination provided that the Company pays, in lieu of notice, twelve (12) months fee severance. The Company may terminate any agreement without notice or payment in lieu of notice upon a change of control of the holding company of the Officer or the death or permanent disability of the Officer. Upon termination of an agreement, the Officer will promptly return all property. Each

agreement may be subject to the acceptance by TSX Venture Exchange and a refusal to do so shall not constitute a default of the Company.

6.C.3. Board of Director Committees.

The Company has an Audit Committee, which is governed by an Audit Committee Charter (filed as Exhibit hereto) and recommends to the Board of Directors the engagement of the independent auditors of the Company and reviews with the independent auditors the scope and results of the Company's audits, the Company's internal accounting controls, and the professional services furnished by the independent auditors to the Company. The current members of the Audit Committee are: David Hall (Chairman), Sherif Gourgui (Director) and Alan Arnstein (Director). The Audit Committee met three times during the year ended December 31, 2018 to discuss and recommend approval by the Board of the Company's audited and quarterly financial statements. Q1 interim financial statements and related Management Discussion and Analysis was approved by joint consent resolution.

6.D. Employees

On December 31, 2018, the Company employed 2 employees. The Company engaged the services of 1 Chief Executive Officer, 1 Chief Financial Officer and 1 Chief Executive Officer of a subsidiary corporation through consulting services.

6.E. Share Ownership

Table No. 10 lists, as of the date of this report, Directors and Senior Management who beneficially own the Company's voting securities, consisting solely of common shares, and the amount of the Company's voting securities owned by the Directors and Senior Management as a group.

Table No. 10
Shareholdings of Directors and Senior Management

Title of Class	Name of Beneficial Owner	Number of Shares	Options and Warrants exercisable in 60 days from December 31, 2018	Percent of Class *
Common	Bob Rai, CEO	961,333	333,334 warrants 654,072 options	4.18%
Common	Robert Sindelar	-	200,000 options	0.43%
Common	Alan Arnstein, Director	-	175,000 options	0.38%
Common	Sherif Guorgui, Director	-	175,000 options	0.38%
Common	David Hall, Director	547,618	333,333 warrants 600,000 options	3.14%
Total Directors/Management		1,508,951	666,667 warrants 1,795,072 options	8.01%

* Based on 45,620,219 shares outstanding

Stock Options: The terms of incentive options grantable by the Company are done in accordance with the rules and policies of the TSX Venture Exchange and the British Columbia Securities Commission, including the number of common shares under option, the exercise price and expiry date of such options and any amendments thereto. The Company adopted a formal written stock option plan (the "Plan") on December 13, 2005. At each Annual General Meeting of the Company, the Plan is presented to and voted on by the shareholders of the Company. If approved, the terms and conditions of the Plan remain in force for the subsequent year. The Stock Option Plan was amended and passed by a majority of shareholders at the Annual General Meeting held on September 15, 2017 and subsequently reapproved on September 13, 2018. A copy of the Stock Option Plan is provided as Exhibit 15(a) attached hereto. It will remain in effect until the next Annual General Meeting of Shareholders.

Such "terms and conditions", including the pricing of the options, expiry and the eligibility of personnel for such stock options, are described below. The terms of the original Stock Option Plan and the major changes in the Stock Option Plan (the "Plan") are described below and provided as Exhibit 15(a) attached hereto.

The principal purposes of the Company's stock option program are to (a) assist the Company in attracting, retaining, and motivating directors, officers and employees of the Company and, (b) to closely align the personal interests of such directors, officers and employees with the interests of the Company and its shareholders.

The Plan provides that stock options may be granted to service providers for the Company. The term "service providers" means:

- (a) Any full or part-time employee or Officer, or insider of the Company or any of its subsidiaries;
- (b) Any other person employed by a company or individual providing management services to the Company;
- (c) Any other person or company engaged to provide ongoing consulting services for the Company or any entity controlled by the Company or
- (d) Any individual engaged to provide services that promote the purchase or sale of the issued securities (any person in (a), (b), (c) or (d) hereinafter referred to as an "Eligible Person"); and
- (e) Any registered retirement savings plan established by such Eligible Person, or any corporation controlled by such Eligible Person, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly or indirectly, by such Eligible Person and/or spouse, children and/or grandchildren of such Eligible Person.

For stock options to Employees, Consultants or Management Company Employees, the Company must represent that the optionee is a bona fide Employee, Consultant or Management Company Employee as the case may be. The terms "insider" "Controlled" and "subsidiary" shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

The Plan shall be administered by the Board of Directors of the Company or a committee established by the Board of Directors for that purpose. Subject to approval of the granting of options by the Board of Directors or Committee, as applicable, the Company shall grant options under the Plan.

The Plan provides that the aggregate number of shares of the Company, which may be issued and sold under the Plan, will not exceed 10% of the issued shares of the Company. The Company shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Company's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Company shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Company to issue such shares shall terminate and any option exercise price paid to the Company shall be returned to the optionee.

If a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated stock option shall again be available for the purposes of the Plan. Any stock option outstanding when the Plan is terminated will remain in effect until it is exercised or it expires. The Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts, subject to the following conditions:

- (a) Options will be non-assignable and non-transferable except that they will be exercisable by the personal representative of the option holder in the event of the option holder's death;
- (b) Under the Plan, options may be exercisable for a maximum of ten years from grant date;
- (c) Under the Plan, options to acquire more than 5% of the issued shares of the Company may be granted to any one individual in any 12-month period the approval of the disinterested shareholders of the Company;
- (d) Options to acquire no more than 2% of the issued shares of the Company may be granted to any one consultant in any 12-month period;
- (e) Options to acquire no more than an aggregate of 2% of the issued shares of the Company may be granted to an employee conducting investor relations activities (as defined in TSX Venture Exchange Policy 1.1), in any 12 month period;
- (f) Options to acquire no more than 10% of the issued shares of the Company may be granted to any insiders in any 12-month period;

- (g) Under the Plan, options held by an option holder who is a director, employee, consultant or management company employee are no longer required to expire within 90 days after the option holder ceases to be a director, employee, consultant or management company employee;
- (h) Under the Plan, options held by an option holder who is engaged in investor relations activities are no longer required to expire within 30 days after the option holder ceases to be employed by the Company to provide investor relations activities; and
- (i) In the event of an option holder's death, the option holder's personal representative may exercise any portion of the option holder's vested outstanding options for a period of one year following the option holder's death.

The Plan provides that other terms and conditions may be attached to a particular stock option, such terms and conditions to be referred to in a schedule attached to the option certificate. Stock options granted to directors, senior officers, employees or consultants will vest when granted unless otherwise determined by the Board of Directors on a case by case basis, other than stock options granted to consultants performing investor relations activities, which will vest in stages over 12 months with no more than one-fourth of the options vesting in any three month period.

The price at which an option holder may purchase a common share upon the exercise of a stock option will be as set forth in the option certificate issued in respect of such option and in any event will not be less than the discounted market price of the Company's common shares as of the date of the grant of the stock option (the "Award Date"). The market price of the Company's common shares for a particular Award Date will typically be the closing trading price of the Company's common shares on the day immediately preceding the Award Date, or otherwise in accordance with the terms of the Plan. Where there is no such closing price or trade on the prior trading day "market price" shall mean the average of the most recent bid and ask of the shares of the Company on any stock exchange on which the shares are listed or dealing network on which the shares of the Company trade.

In no case will a stock option be exercisable at a price less than the minimum prescribed by each of the organized trading facilities or the applicable regulatory authorities that would apply to the award of the stock option in question.

Common shares will not be issued pursuant to stock options granted under the Plan until they have been fully paid for by the option holder. The Company will not provide financial assistance or loans to option holders to assist them in exercising their stock options.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

As of December 31, 2018, all shareholders have the same voting rights attached thereto as all other common shares of the Company. As of December 31, 2018, the Company is not aware of any companies or individuals that hold more than 5% of the Issued and Outstanding Common Shares.

7.A.1.a. Holdings By Major Shareholders.

Refer to ITEM #6.E and Table No. 10.

7.A.1.b. Significant Changes in Major Shareholders' Holdings.

---No Disclosure Required---

7.A.1.c. Different Voting Rights.

The Company's major shareholders do not have different voting rights.

7.A.2. Canadian Share Ownership.

On December 31, 2018, the Company's shareholders' list showed 40,103,665 common shares outstanding, an estimated 58 registered shareholders. The Company's transfer agent provides that there are 53 registered shareholders with Canadian addresses.

7.A.3. Control of the Company

The Company is a publicly owned Canadian corporation, the shares of which are owned primarily by Canadian residents and other foreign residents. The Company is not controlled by any foreign government or other person(s)

except as described in ITEM #4.A., “History and Development of the Company”, and ITEM #6.E., “Share Ownership”.

7.A.4. Change of Control of Company Arrangements

---No Disclosure Necessary---

7.B. Related Party Transactions

Related party transactions are described in Note 15 to the consolidated financial statements and are shown below. The remuneration of the Company’s directors and other members of key management, being the Chief Executive Officer and Chief Financial Officer, who have the authority and responsibility for planning, directing and controlling the activities of the Company, consist of the following:

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
	\$	\$	\$
Accounts payable and accrued liabilities	0	13,152	3,275
Expenditures:			
Management and consulting fees	150,000	60,010	242,667
Salaries and benefits	14,540	132,613	-
Share-based compensation	289,008	280,864	-
Professional Fees	22,900	-	-

Salaries and benefits, and management fees are paid to Mr. Bob Rai, Chief Executive Officer and former Director and Mr. Mark Kunzli, Executive Vice President.

Accounting fees are paid to a company controlled by Mr. Dong Shim, outgoing Chief Financial Officer and to a company of which Chief Financial Officer is employee. Subsequent to the year end current CFO resigned and incoming CFO was appointed.

Share-based compensation relates to stock options granted and vested to management and directors of the Company during the twelve months ended December 31, 2018. All related party transactions were in the normal course of business operations.

Accounting Fees

For the annual statements dated December 31, 2018, the Company expects to pay Davidson & Company LLP accounting fees of \$65,000.

Indirect Payments

---No Disclosure Required---

Shareholder Loans

---No Disclosure Required---

Amounts Owing to Senior Management/Directors

--No Disclosure Required--

7.C. Interests of Experts and Counsel

---No Disclosure Required---

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

The consolidated financial statements of the Company comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make estimates, judgments and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes to the consolidated financial statements. The Company's management reviews these estimates and underlying judgments on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised.

8.A.7. Legal/Arbitration Proceedings

There are no legal proceedings against the Company.

8.B. Significant Changes

The Company is now focused on the manufacture and distribution of generic and over-the-counter ("OTC") pharmaceuticals.

ITEM 9. THE OFFER AND LISTING

9.A. Common Share Trading Information

The Company's common shares trade on the TSX Venture Exchange in Toronto, Ontario, Canada, under the symbol "AVCR". The Company also trades on the OTCQB under the symbol "AVCRF".

Table No. 11 lists the high, low and closing sales prices on the TSX Venture Exchange for the last five months, last seven fiscal quarters, and last five fiscal years.

Table No. 11
TSX Venture Exchange
Common Shares Trading Activity

Canadian Dollars

	High	Low	Closing
Month ended May 31, 2019	0.15	0.055	0.07
Month ended April 30, 2019	0.09	0.05	0.06
Month ended March 31, 2019	0.07	0.055	0.06
Month ended February 28, 2019	0.10	0.06	0.08
Month ended January 31, 2019	0.10	0.055	0.09
Fiscal Quarter Ended March 31, 2019	0.10	0.055	0.06
Fiscal Quarter Ended December 31, 2018	0.225	0.075	0.10
Fiscal Quarter Ended September 30, 2018	0.19	0.1	0.15
Fiscal Quarter Ended June 30, 2018	0.25	0.15	0.18
Fiscal Quarter Ended March 31, 2018	0.75	0.175	0.175
Fiscal Quarter Ended December 31, 2017	0.415	0.120	0.320
Fiscal Quarter Ended September 30, 2017	0.220	0.140	0.195
Fiscal Year Ended December 31, 2018	0.75	0.075	0.10
Fiscal Year Ended December 31, 2017	0.49	0.12	0.32
Fiscal Year Ended December 31, 2016	0.231	0.214	0.22
Stub year Ended December 31, 2015	0.485	0.25	0.47
Fiscal Year Ended June 30, 2015	0.94	0.07	0.44
Fiscal Year Ended June 30, 2014	0.23	0.06	0.14

9.A.5. Common Share Description

Registrar/Common Shares Outstanding/Shareholders

Effective August 19, 2005, the authorized share capital of the Company was increased to an unlimited number of common shares without par value due to changes in the British Columbia Company Act which permitted this action.

There are no Indentures or Agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights.

Computershare Trust Company of Canada (located at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia Canada V6C 3B9) is the registrar and transfer agent for the common shares.

Stock Options

Refer to ITEM 6.E., Table No. 10 (Aggregate Option Exercises)

Table No. 12 lists, as of December 31, 2018, share purchase warrants (options to purchase common shares) outstanding, the date the share purchase warrants were issued, the exercise price, and the expiration date of the share purchase warrants. These warrants were issued in conjunction with private placements of the Company's securities and all holders of the Company's warrants are resident in Canada.

Table No. 12
Share Purchase Warrants Outstanding

	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	8,381,326	\$0.20	-	-	1,301,250	\$1.24
Warrants issued	8,446,438	\$0.33	10,655,326	\$0.20	-	-
Expired/Cancelled	-	-	-	-	(976,250)	\$0.50
Exercised	(2,975,500)	\$0.20	(2,274,000)	\$0.20	(325,000)	\$0.52
Issued and exercisable	13,852,264	\$0.28	8,381,326	\$0.20	-	-

9.A.6. Differing Rights

---No Disclosure Necessary---

9.A.7.a. Subscription Warrants/Right

---No Disclosure Necessary---

9.A.7.b. Convertible Securities/Warrants

---No Disclosure Necessary---

9.C. Stock Exchanges Identified

The common shares trade on the TSX Venture Exchange which is headquartered in Toronto, Ontario.

Refer to ITEM #9.A.4 for trading information and history. At this time, the Company is not seeking a listing on any other stock exchange.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

10.A.1. Authorized/Issued Capital.

At December 31, 2018, there were an unlimited number of common shares authorized and 40,103,665 common shares issued and outstanding.

At December 31, 2017, there were an unlimited number of common shares authorized and 27,860,623 common shares issued and outstanding.

At December 31, 2016, there were an unlimited number of common shares authorized and 15,001,297 common shares issued and outstanding.

At December 31, 2015, there were an unlimited number of common shares authorized and 14,276,297 common shares issued and outstanding.

At June 30, 2015, there were an unlimited number of common shares authorized and 13,804,770 common shares issued and outstanding.

At June 30, 2014, there were an unlimited number of common shares authorized and 9,191,768 common shares issued and outstanding.

At June 30, 2013, there were an unlimited number of common shares authorized and 5,404,268 common shares issued and outstanding.

At June 30, 2012, there were an unlimited number of common shares authorized and 1,739,920 common shares issued and outstanding. On March 08, 2012 the Company consolidated its shares on a 10 to 1 basis

At June 30, 2011, there were an unlimited number of common shares authorized and 15,999,200 common shares issued and outstanding.

At June 30, 2010, there were an unlimited number of common shares authorized and 14,680,449 common shares issued and outstanding.

At June 30, 2009, there were an unlimited number of common shares authorized and 12,835,449 common shares issued and outstanding.

At June 30, 2008, there were an unlimited number of common shares authorized and there were 12,377,949 common shares issued and outstanding.

At June 30, 2007, there were an unlimited number of common shares authorized and there were 8,048,101 common shares issued and outstanding.

At June 30, 2006, there were an unlimited number of common shares authorized and there were 5,200,101 common shares issued and outstanding.

Effective August 19, 2005, the authorized share capital of the Company was increased to an unlimited number of common shares without par value due to changes in the British Columbia Company Act which permitted this action.

As of June 30, 2005, there were 25,000,000 common shares authorized and 3,946,101 common shares issued.

As of June 30, 2004, there were 25,000,000 common shares authorized and 3,196,101 common shares issued.

As of June 30, 2003, there were 25,000,000 common shares authorized and 612,868 common shares issued.

As of June 30, 2002, there were 25,000,000 common shares authorized and 594,118 common shares issued.

As of June 30, 2001, there were 25,000,000 common shares authorized and 294,118 common shares issued.

During the last five years, less than 10% of the capital has been “paid for” with assets other than cash.

10.A.2. Shares Not Representing Capital.

---No Disclosure Necessary---

10.A.3. Shares Held By Company.

---No Disclosure Necessary---

10.A.4. Stock Options/Share Purchase Warrants

---Refer to Tables No. 8, No. 11 No. 13.---

10.A.5. Stock Options/Share Purchase Warrants

---Refer to Tables No. 8, No. 11 No. 13.---

10.A.6. History of Share Capital

The Company has financed its operations through funds raised in public and private placements of common shares and warrants and from revenues from the sale of its products:

Fiscal Year	Nature of Share Issuance	Number of Shares	Amount (\$)
Fiscal 2001	Private Placement @ \$3.40	29,411	\$100,000
Fiscal 2002	Canadian Prospectus Offering (IPO) @\$6.80	30,000	\$204,000
Fiscal 2003	Broker's Warrant Shares on Canadian Prospectus Offering (IPO) @ \$6.80	3,750	\$25,500
Fiscal 2004	Private Placement @\$6.00	8,666	\$52,000
	Private Placement @\$8.00	155,000	\$1,240,000
Fiscal 2005	Private Placement @ \$4.00	75,000	\$300,000
Fiscal 2006	Private Placement @\$2.00	97,900	\$195,800
	Private Placement @\$2.00	27,500	\$55,000
Fiscal 2007	Private Placement @\$6.00	35,750	\$71,500
	Private Placement @\$4.00	200,000	\$800,000
Fiscal 2008	Private placement @ \$4.80	50,000	\$240,000
	Private placement @ \$6.00	87,500	\$525,000
Fiscal 2009	N/A	N/A	N/A
Fiscal 2010	Private placement @\$10.00	150,000	\$1,500,000
Fiscal 2011	Private placement @\$4.00	81,875	\$327,500
	Private placement @\$4.00	50,000	\$200,000
Fiscal 2012	Private placement @\$0.40	140,000	\$56,000
Fiscal 2013	Private placement @\$0.40	2,000,000	\$800,000
Fiscal 2014	Private placement @\$0.40	937,500	\$375,000
Fiscal 2015	Private placement @\$0.60	1,901,833	\$1,141,000
Fiscal 2016	N/A	N/A	N/A
Fiscal 2017	Private placement @\$0.15	10,585,326	\$1,587,799
Fiscal 2018	Private placement @\$0.15	5,327,335	\$799,100

10.A.7. Resolutions/Authorizations/Approvals

---No Disclosure Necessary---

10.B. Memorandum and Articles of Association

The Company's corporate constituting documents comprising the Notice of Articles and Articles are registered with the British Columbia Registrar of Companies under Incorporation No. BC0607937. A copy of the Articles was filed as an Exhibit 1 with the Company's initial registration statement on Form 20-F.

The following is a summary of certain provisions of the Company's Notice of Articles and Articles and certain provisions of the British Columbia Business Corporations Act (the "BCA"), applicable to the Company:

Objects and Purposes

The Articles do not specify objects or purposes. Under both the BCA, a British Columbia corporation generally has all the legal powers of a natural person. British Columbia corporations may not undertake certain limited business activities such as operating as a trust company or railroad without alterations to its form of articles and specific government consent.

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares without par value. All of the common shares must be fully paid and are not subject to any future call or assessment. All of the common shares of the Company rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all shareholder meetings and to attend and vote at such meetings. Shareholders are not entitled to cumulative voting. Each common share carries with it the right to one vote. The common shares do not have preemptive or conversion rights. In addition, there are no sinking fund or redemption

provisions applicable to the common shares or any provisions discriminating against any existing or prospective holders of such securities as a result of a shareholder owning a substantial number of shares.

Share Certificates

Under the Articles, a shareholder is entitled to a share certificate representing the number of shares of the Company held or a written acknowledgement of the shareholder's right to obtain such a share certificate.

No Limitation on Foreign Ownership

There are no limitations under the Company's Articles or in the BCA on the right of persons who are not citizens of Canada to hold or vote common shares.

Dividends

Dividends may be declared by the Board out of available assets and are paid ratably to holders of common shares. No dividend may be paid if the Company is, or would thereby become, insolvent.

Voting Rights

Each of the Company's common share is entitled to one vote on matters to which common shares ordinarily vote including the annual election of directors, appointment of auditors and approval of corporate changes. There are no cumulative voting rights applicable to the Company.

Borrowing Powers

The Company, if authorized by the directors, may: (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate; (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate; (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Indemnity Provisions

Under the Articles and the BCA, the Company is now permitted (and is, in some circumstances, required) to indemnify a past or present director or officer of the Company or an associated corporation without obtaining prior court approval in respect of an "eligible proceeding". An "eligible proceeding" includes any legal proceeding relating to the activities of the individual as a director or officer of the Company. However, under the BCA, the Company will be prohibited from paying an indemnity if: (a) the party did not act honestly and in good faith with a view to the best interests of the Company; (b) the proceeding was not a civil proceeding and the party did not have reasonable grounds for believing that his or her conduct was lawful; and (c) the proceeding is brought against the party by the Company or an associated corporation.

Directors – Number and Qualification

The Company's Articles do not specify a maximum number of directors. The minimum under British Columbia law for a public company is three. The number of directors shall be the number of directors fixed by the directors annually or the number that are actually elected at a general shareholders meeting under the Existing Articles. The number of directors is determined, annually, by shareholders at the annual shareholders meeting and all directors are elected at that time. Under the Articles the directors are entitled between successive annual general meetings to appoint one or more additional directors but not more than one-third of the number of directors fixed at a shareholders' or actually elected at the preceding annual shareholders' meeting. Directors automatically retire at the commencement of each annual meeting but may be re-elected thereat.

Directors must be of the age of majority (18), and meet eligibility criteria including being mentally competent, not an un-discharged bankrupt, no fraud related convictions in the previous five years. There are residency requirements and there is no mandatory retirement age either under the Articles or under the BCA. Directors need not own any shares of the Company in order to qualify as directors.

Directors - Powers and Limitations

Directors must manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers which are not required to be exercised by the shareholders as governed by the BCA. Directors may, by resolution, create and appoint an executive committee consisting of the director or directors that they deem appropriate. This executive committee has, during the intervals between meetings of the Board, all of the directors' powers, except the power to fill vacancies in the Board, the power to remove a Director,

the power to change the membership of, or fill vacancies in, any committee of the Board and any such other powers as may be set out in the resolution or any subsequent directors' resolution. Directors may also by resolution appoint one or more committees other than the executive committee. These committees may be delegated any of the directors' powers except the power to fill vacancies on the board of directors, the power to remove a director, the power to change the membership or fill vacancies on any committee of the directors, and the power to appoint or remove officers appointed by the directors.

Under the BCA, directors are obligated to abstain from voting on matters in which they may be financially interested after disclosing in writing such interest. Directors' compensation is not a matter on which they must abstain. Directors' borrowing powers are not generally restricted where the borrowing is in the Company's best interests, but the directors may not authorize the Company to provide financial assistance for any reason where the Company is insolvent or the providing of the guarantee would render it insolvent.

Amendment of Articles and Notice of Articles; Special Transactions

The Articles provide that the general authority required to amend all provisions of the Company's Articles and the Notice of Articles relating to the authorized share structure is a resolution of the directors and the attachment of special rights and restrictions thereto, including any changes therein, an ordinary resolution. If the amendment prejudices or interferes with the rights or special rights attached to any class of issued shares, by the provisions of the BCA, the consent of the holders of that class of shares by a special separate resolution is also required.

Certain corporate changes or proposed transactions including amalgamation with another company, sale of substantially all of the Company's assets, re-domiciling out of the jurisdiction of British Columbia, creation of new classes of shares not only require the consent of the holders of common shares by a special separate resolution but generally also give rise to a dissent right which is the right to be paid the fair value of the stockholder's shares in cash if the required special resolution is actually passed and the Company elects to proceed with the matter notwithstanding receipt of dissent notices. A notice of a shareholders meeting at which such a change or proposed transaction is intended to be considered must include a prominent notice of the dissent right. Dissent provisions are governed by the BCA and not by the Articles of the Company.

Under the Articles, a special separate resolution requires a majority of three-quarters of the votes cast.

Shareholders' Meetings

In addition to reflecting the present notice and other provisions of the BCA relating to shareholders' meetings, the Articles provide that shareholders' meetings may be held at such place as is determined by the directors. Shareholders meetings are governed by the Articles of the Company but many important protections and procedures are contained within the BCA and the Securities Act (British Columbia) and the Securities Act (Alberta) and the respective regulations and rules thereto and the policy statements, notices and blanket orders of the respective commissions of each of British Columbia and Alberta, together with the national policy statements, and national instruments applied by the such commissions (collectively, "Applicable Canadian Securities Law"). The Articles provide that the Company will hold an annual shareholders' meeting, will provide at least 21 days' notice and will provide for certain procedural matters and rules of order with respect to conduct of the meeting. The BCA and Applicable Canadian Securities Law superimpose requirements that generally provide that shareholders meetings require not less than a 60 day notice period from initial public notice and that the Company makes a thorough advanced search of intermediary and brokerage registered shareholdings to facilitate communication with beneficial shareholders so that meeting proxy and information materials can be sent via the brokerages to unregistered but beneficial shareholders. The form and content of information circulars and proxies and like matters are governed by Applicable Canadian Securities Law and includes the specifics relating to disclosure requirements for the proxy materials and various corporate actions, background information on the nominees for election for director, executive compensation paid in the previous year and full details of any unusual matters or related party transactions.

The Company must hold an annual shareholders meeting open to all shareholders for personal attendance or by proxy at each shareholder's determination. The meeting must be held within 13 months of the previous annual shareholders meeting and must present audited statements which are dated no more than six months prior to such meeting.

Change in Control

The Company has not implemented any shareholders' rights or other "poison pill" protection against possible take-overs. The Company does not have any agreements which are triggered by a take-over or other change of control. There are no provisions in its articles triggered by or affected by a change in outstanding shares which gives rise to

a change in control. There are no provisions in the Company's material agreements giving special rights to any person on a change in control.

Insider Share Ownership Reporting

The Articles of the Company do not require disclosure of share ownership. Share ownership of director nominees must be reported annually in proxy materials sent to the Company's shareholders. There are no requirements under the BCA to report ownership of shares of the Company but Applicable Canadian Securities Law requires disclosure of trading by insiders (generally officers, directors and holders of 10% of voting shares) within 10 days of the trade. Controlling shareholders (generally those in excess of 20% of outstanding shares) must provide seven days advance notice of share sales.

Applicable Canadian Securities Law

Applicable Canadian Securities Law governs matters typically pertaining to public companies such as continuous quarterly financial reporting, immediate disclosure of material changes, insider trade reporting, take-over protections to ensure fair and equal treatment of all shareholders, exemption and resale rules pertaining to non-prospectus securities issuances as well as civil liability for certain misrepresentations, disciplinary, appeal and discretionary ruling matters. All of the Company's shareholders regardless of residence have equal rights under this legislation.

10.C. Material Contracts

There are currently no material contracts.

10.D. Exchange Controls

Canada has no system of exchange controls. There are no Canadian restrictions on the repatriation of capital or earnings of a Canadian public company to non-resident investors. There are no laws in Canada or exchange restrictions affecting the remittance of dividends, profits, interest, royalties and other payments to non-resident holders of the Company's securities, except as discussed in ITEM 10, "Taxation" below.

Restrictions on Share Ownership by Non-Canadians: There are no limitations under the laws of Canada or in the organizing documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the Investment Canada Act may require review and approval by the Minister of Industry (Canada) of certain acquisitions of "control" of the Company by a "non-Canadian". The threshold for acquisitions of control is generally defined as being one-third or more of the voting shares of the Company. "Non-Canadian" generally means an individual who is not a Canadian citizen, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians. If a "non-Canadian" (for example, a US resident acquirer) were to acquire such a control position, they would not be required to do any filings or provide any notices to the Ministry of Industry (Canada) unless notified first by that Ministry that their acquisition of control was under review.

Canada has, as does the United States, competition laws designed to promote competition in industry and markets. The Competition Act (Canada) provides Canada's federal government with the power to review or prevent business transactions, such as acquiring a controlling interest in a company similar to the Company, if it is found that the acquisition of control would reduce competition in a given market or industry. Since the market that the Company competes in is extremely competitive, no single company, including the Company, seems to have significant market power. Acquisition of the Company, therefore, would not lead to reduced competition.

10.E. Taxation

Canadian Federal Income Tax Considerations:

The following is a brief summary of some of the principal Canadian federal income tax consequences to a holder of common shares of the Company (a "U.S. Holder") who deals at arm's length with the Company, holds the shares as capital property and who, for the purposes of the Income Tax Act (Canada) (the "Act") and the Canada – United States Income Tax Convention (the "Treaty"), is at all relevant times resident in the United States, is not and is not deemed to be resident in Canada and does not use or hold and is not deemed to use or hold the shares in carrying on a business in Canada. Special rules, which are not discussed below, may apply to a U.S. Holder that is an insurer that carries on business in Canada and elsewhere.

Under the Act and the Treaty, a U.S. Holder of common shares will generally be subject to a 5% withholding tax on dividends paid or credited or deemed by the Act to have been paid or credited on such shares. The withholding tax rate is 5% where the U.S. Holder is a corporation that beneficially owns at least 10% of the voting shares of the

Company and the dividends may be exempt from such withholding in the case of some U.S. Holders such as qualifying pension funds and charities.

In general, a U.S. Holder will not be subject to Canadian income tax on capital gains arising on the disposition of shares of the Company unless (i) at any time in the five-year period immediately preceding the disposition, 25% or more of the shares of any class or series of the capital stock of the Company was owned by (or was under option of or subject to an interest of) the U.S. holder or persons with whom the U.S. holder did not deal at arm's length, and (ii) the value of the common shares of the Company at the time of the disposition derives principally from real property (as defined in the Treaty) situated in Canada. For this purpose, the Treaty defines real property situated in Canada to include rights to explore for or exploit mineral deposits and other natural resources situated in Canada, rights to amounts computed by reference to the amount or value of production from such resources, certain other rights in respect of natural resources situated in Canada and shares of a corporation the value of whose shares is derived principally from real property situated in Canada.

The US Internal Revenue Code provides special anti-deferral rules regarding certain distributions received by US persons with respect to, and sales and other dispositions (including pledges) of stock of, a passive foreign investment company. A foreign corporation, such as the Company, will be treated as a passive foreign investment company if 75% or more of its gross income is passive income for a taxable year or if the average percentage of its assets (by value) that produce, or are held for the production of, passive income is at least 50% for a taxable year. The Company believes that it was not a passive foreign investment company for the taxable year ended December 31, 2009 and, furthermore, expects to conduct its affairs in such a manner so that it will not meet the criteria to be considered passive foreign investment company in the foreseeable future.

Dividends:

A Holder will be subject to Canadian withholding tax ("Part XIII Tax") equal to 25%, or such lower rate as may be available under an applicable tax treaty, of the gross amount of any dividend paid or deemed to be paid on common shares. Under the Canada-U.S. Income Tax Convention (1980) as amended by the Protocols signed on 6/14/1983, 3/28/1984, 3/17/1995, and 7/29/1997 (the "Treaty"), the rate of Part XIII Tax applicable to a dividend on common shares paid to a Holder who is a resident of the United States and who is the beneficial owner of the dividend, is 5%. If the Holder is a company that owns at least 10% of the voting stock of the Company paying the dividend, and, in all other cases, the tax rate is 15% of the gross amount of the dividend. The Company will be required to withhold the applicable amount of Part XIII Tax from each dividend so paid and remit the withheld amount directly to the Receiver General for Canada for the account of the Holder.

Disposition of Common Shares:

A Holder who disposes of a common share, including by deemed disposition on death, will not normally be subject to Canadian tax on any capital gain (or capital loss) thereby realized unless the common share constituted "taxable Canadian property" as defined by the *Act*. Generally, a common share of a public corporation will not constitute taxable Canadian property of a Holder if the share is listed on a prescribed stock exchange unless the Holder or persons with whom the Holder did not deal at arm's length alone or together held or held options to acquire, at any time within the five years preceding the disposition, 25% or more of the shares of any class of the capital stock of the Company. The TSX Venture Exchange is a prescribed stock exchange under the *Act*. A Holder who is a resident of the United States and realizes a capital gain on a disposition of a common share that was taxable Canadian property will nevertheless, by virtue of the Treaty, generally be exempt from Canadian tax thereon unless:

- (a) More than 50% of the value of the common shares is derived from, or from an interest in, Canadian real estate, including Canadian mineral resource properties,
- (b) The common share formed part of the business property of a permanent establishment that the Holder has or had in Canada within the 12 month period preceding the disposition, or
- (c) The Holder is an individual who (i) was a resident of Canada at any time during the 10 years immediately preceding the disposition, and for a total of 120 months during any period of 20 consecutive years, preceding the disposition, and (ii) owned the common share when he ceased to be resident in Canada.

A Holder who is subject to Canadian tax in respect of a capital gain realized on a disposition of a common share must include three quarters of the capital gain (taxable capital gain) in computing the Holder's taxable income earned in Canada. The Holder may, subject to certain limitations, deduct three-quarters of any capital loss (allowable capital loss) arising on a disposition of taxable Canadian property from taxable capital gains realized in

the year of disposition in respect to taxable Canadian property and, to the extent not so deductible, from such taxable capital gains realized in any of the three preceding years or any subsequent year.

United States Taxation:

For federal income tax purposes, an individual who is a citizen or resident of the United States or a domestic corporation ("U.S. Taxpayer") will recognize a gain or loss on the sale of the Company's common shares equal to the difference between the proceeds from such sale and the adjusted tax basis of the common shares. The gain or loss will be a capital gain or capital loss if the Company's common shares are a capital asset in U.S. Taxpayer's hands.

For federal income tax purposes, a U.S. Taxpayer will be required to include in gross income dividends received on the Company's common shares. A U.S. Taxpayer who pays Canadian tax on a dividend on common shares will be entitled, subject to certain limitations, to a credit (or alternatively, a deduction) against federal income tax liability. A domestic corporation that owns at least 10% of the voting shares should consult its tax advisor as to applicability of the deemed paid foreign tax credit with respect to dividends paid on the Company's common shares.

Under a number of circumstances, United States Investor acquiring shares of the Company may be required to file an information return with the Internal Revenue Service Center where they are required to file their tax returns with a duplicate copy to the Internal Revenue Service Center, Philadelphia, PA 19255. In particular, any United States Investor who becomes the owner, directly or indirectly, of 10% or more of the shares of the Company will be required to file such a return. Other filing requirements may apply. United States Investors should consult their own tax advisors concerning these requirements.

The US Internal Revenue Code provides special anti-deferral rules regarding certain distributions received by US persons with respect to, and sales and other dispositions (including pledges) of stock of, a passive foreign investment company. A foreign corporation, such as the Company, will be treated as a passive foreign investment company if 75% or more of its gross income is passive income for a taxable year or if the average percentage of its assets (by value) that produce, or are held for the production of, passive income is at least 50% for a taxable year. The Company believes that it was not a passive foreign investment company for the taxable year ended December 31, 2009 and, furthermore, expects to conduct its affairs in such a manner so that it will not meet the criteria to be considered passive foreign investment company in the foreseeable future.

10.F. Dividends and Paying Agents

The Company has not declared any dividends on its common shares for the last five years and does not anticipate that it will do so in the foreseeable future. The present policy of the Company is to retain future earnings for use in its operations and the expansion of its business.

Notwithstanding the aforementioned: the Company is unaware of any dividend restrictions; has no specific procedure for the setting of the date of dividend entitlement; but might expect to set a record date for stock ownership to determine entitlement; has no specific procedures for non-resident holders to claim dividends, but might expect to mail their dividends in the same manner as resident holders. The Company has not nominated any financial institutions to be the potential paying agents for dividends in the United States.

10.G. Statement by Experts

The Company's auditor for its consolidated financial statements for the year ended December 31, 2018, 2017, and 2016 was Davidson & Company LLP for 2018 & 2017 and Adam Sung Kim Ltd. for 2016. Their audit reports for the years ended December 31, 2018, 2017, and 2016 are included with the related consolidated financial statements in this Annual Report.

10.H. Document on Display

--- No Disclosure Necessary ---

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

--- No Disclosure Necessary ---

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

--- No Disclosure Necessary ---

12.B. Warrants and Rights

--- No Disclosure Necessary ---

12.C. Other Securities

--- No Disclosure Necessary ---

12.D. American Depository Shares

-- No Disclosure Necessary ---

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

--- No Disclosure Necessary ---

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

--- No Disclosure Necessary ---

ITEM 15. CONTROLS AND PROCEDURES

The Company's management is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to senior management, including Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), by others within those entities on a timely basis so that appropriate decisions can be made regarding public disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and our Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended) as of December 31, 2018. The Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures as of December 31, 2018, were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with IFRS as issued by IASB. The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements. Management reviewed the results of their assessment with the Company's Audit Committee.

Because of its inherent limitations, the Company's internal control over financial reporting may not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

To evaluate the effectiveness of the Company's internal control over financial reporting, Management has used the Internal Control – Integrated Framework (2013), which is a suitable, recognized control framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has assessed the

effectiveness of the Company's internal control over financial reporting and concluded that such internal control over financial reporting is effective as of December 31, 2018.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that our Disclosure Controls or our Internal Controls will prevent all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Attestation Report of the Registered Accounting Firm.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Form 20-F Annual Report.

Changes in Internal Control over Financial Reporting

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

There have been no changes in the Company's internal controls over financial reporting during the period covered by this annual report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting with regard to deficiencies or material weaknesses other than the corrective actions to ensure proper disclosure is included in the Company's filings under the Exchange Act, including the Form 20-F Annual Report.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Mr. David Hall is a financially literate member of the Company's Audit Committee.

ITEM 16B. CODE OF ETHICS

The Company has not adopted a formal code of ethics because, as a TSX Venture Exchange issuer, the Company is only required have an audit committee.

In lieu of a code of ethics, the Company has adopted the following methodology with respect to corporate governance.

The management of the Company is responsible for establishing and maintaining disclosure controls and procedures for information relating to the Company, including its consolidated subsidiaries. The Company's management is also responsible for establishing and maintaining adequate internal control over financial reporting.

The Company's Board of Directors facilitates its exercise of independent supervision over management by ensuring that the Board of Directors is composed of a majority of independent directors. The Board of Directors, at present, is composed of five directors, four of which are considered to be independent except for Mr. Bob Rai who is also a senior officer. In determining whether a director is independent, the Board considers, for example, whether the director has a relationship, which could, or could be perceived to, interfere with the director's ability to objectively assess the performance of management.

The Board of Directors monitors the ethical conduct of Avricore Health and its management and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board of Directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

The Board of Directors is specifically responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for all material contracts, business transactions and all debt and equity financing proposals. The independent directors on the Board of Directors are also responsible for approving senior executive compensation and retirement plans.

The Board of Directors delegates to management, through the offices of Chief Executive Officer and Chief Financial Officer, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board of Directors also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

Given the relatively small composition of the Board of Directors and the Company's management over the last several years, the Board of Directors has not appointed a corporate governance committee and these functions are currently performed by the Board of Directors as a whole.

ITEM 16C. PRINCIPAL ACCOUNTING FEES AND SERVICES

External Auditor Service Fees

The Company's auditors were Davidson & Company LLP during the years ended December 31, 2017 and 2018 and Adam Sung Kim Ltd. during the year ended December 31, 2016. The following table sets out the aggregate fees billed by Davidson & Company LLP and Adam Sung Kim Ltd. over their engagement with the Company.

Year ended	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
December 31, 2018	\$65,000	\$Nil	\$4,500	\$Nil (0%)
December 31, 2017	\$35,000	\$Nil	\$5,500	\$Nil (0%)
December 31, 2016	\$24,000	\$Nil	\$Nil	\$Nil (0%)

⁽¹⁾ Related to assurance and related services that are reasonably related to the performance of the audit and review of the Company's financial statements and not included in the amounts noted under *Audit Fees*.

⁽²⁾ Related to fees billed by the Company's external auditor for professional services rendered for tax compliance, tax advice and tax planning.

⁽³⁾ Related to other accounting services that is excluded from the *Audit Fees*.

Pre-Approval Policies and Procedures

The Audit Committee has adopted an Audit Committee Charter (see "Exhibit") governing the provision of audit and non-audit services by the external auditor. This charter requires the Audit Committee to:

1. recommend to the Board of Directors the external auditor to be nominated by the Board of Directors and the compensation of the external auditor, and
2. to pre-approve all non-audit services provided by the external auditor.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

---Not applicable---

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE COMPANY/AFFILIATED PURCHASERS

---Not Applicable---

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

On May 17, 2016, the Board of Directors of the Company requested and accepted the resignation of Smythe LLP, Chartered Professional Accountant as the Company's auditor, and appointed Adam Sung Kim Ltd., Chartered Professional Accountant, as the successor auditor. There were no disagreements between the Company and the former auditor, and the accountant's report on the financial statements for the prior fiscal period contained no adverse opinions or disclaimer of opinions. The Company did not consult with Adam Sung Kim Ltd. during the two fiscal years prior to their engagement regarding the application of accounting principles to any specified transaction or any accounting, auditing or financial reporting issue, or any matter that was subject to a disagreement or reportable event.

On February 22, 2018, the Board of Directors of the Company requested and accepted the resignation of Adam Sung Kim Ltd., Chartered Professional Accountant as the Company's auditor, and appointed Davidson & Company LLP, Chartered Professional Accountants, as the successor auditor. There were no disagreements between the Company and the former auditor, and the accountant's report on the financial statements for the prior fiscal period contained no adverse opinions or disclaimer of opinions. The Company did not consult with Davidson & Company LLP during the two fiscal years prior to their engagement regarding the application of accounting principles to any specified transaction or any accounting, auditing or financial reporting issue, or any matter that was subject to a disagreement or reportable event.

The Company has provided Adam Sung Kim Ltd. with a copy of this disclosure and they have provided a letter which agrees with the statements made by the Company. A copy of this letter has been filed as an exhibit to the Company's Form 20-F Annual Report.

ITEM 16G. CORPORATE GOVERNANCE

---Not applicable---

ITEM 16H. MINE SAFETY DISCLOSURE

---Not applicable---

PART III

ITEM 17. FINANCIAL STATEMENTS

The Company's financial statements are stated in Canadian Dollars (CDN\$) and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements as required under ITEM #17 are attached hereto and found immediately following the text of this Annual Report. The audit reports of Davidson & Company LLP, Chartered Professional Accountants, and Adam Sung Kim Ltd. Chartered Professional Accountant are included herein immediately preceding the audited financial statements.

Audited Financial Statements

-- included after exhibit list

ITEM 18. FINANCIAL STATEMENTS

The Company has elected to provide financial statements pursuant to ITEM #17.

ITEM 19. EXHIBITS

The financial statements thereto as required under ITEM #17 are attached hereto and found immediately following the text of this Annual Report. The report of the Company's independent auditors for the audited financial statements are included herein immediately preceding the audited financial statements.

(A) Financial information

- (i) Audited Consolidated Financial Statements for the year ended December 31, 2018.
 - 1. Auditor's Reports, dated May 30, 2019 and April 27, 2017.
 - 2. Consolidated Statements of Financial Position at December 31, 2017 and 2016.
 - 3. Consolidated Statements of Comprehensive Loss for the years ended December 31, 2018, 2017, and 2016.
 - 4. Consolidated Statements of Changes in Equity for the years ended December 31, 2018, 2017, and 2016.
 - 5. Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017, and 2016.
 - 6. Notes to Consolidated Financial Statements.

(B) Index to Exhibits:

1. Articles of Incorporation –
[Amendment to Articles of Incorporation, Name Change](#), July 28, 2014, filed with Form 6-K, November 18, 2014
[Amendment to Articles of Incorporation, Name Change](#), November 5, 2018, filed with Form 6-K, June 17, 2019
2. Instruments defining the rights of holders – N/A
3. Intentionally deleted.
4. Material contracts – N/A
5. N/A
6. Calculation of earnings per share – N/A
7. Explanation of calculation of ratios – N/A
8. Subsidiaries - N/A
9. Statement pursuant to the instructions to Item 8.A.4, regarding the financial statements filed in registration statements for initial public offerings of securities – N/A
10. Notice required by Rule 104 of Regulation BTR – N/A
11. Code of Ethics – N/A
- 12.1* Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes–Oxley Act of 2002
- 12.2* Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes–Oxley Act of 2002
- 13.1* Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes–Oxley Act of 2002
- 13.2* Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes–Oxley Act of 2002
14. Legal opinion – N/A
15. Additional exhibits:
 - Audit Committee Charter *
 - Stock Option Plan*
 - Letter from former auditor Adam Sung Kim Ltd. Chartered Professional Accountant, dated June 14, 2019*
16. Mine Safety Disclosures – N/A
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema Document
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF* XBRL Taxonomy Extension Definitions Linkbase Document
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE*XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.



**Avricore Health Inc.
(former VANC Pharmaceuticals Inc.)**

Consolidated Financial Statements

For the year ended December 31, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Avricore Health Inc. (formerly Vanc Pharmaceuticals Inc.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Avricore Health Inc. (formerly Vanc Pharmaceuticals Inc.) (the "Company"), as of December 31, 2018 and 2017, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2018 and 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years ended December 31, 2018 and 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has negative cash flows that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2017.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

May 30, 2019



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Adam Kim

ADAM SUNG KIM LTD. CHARTERED
PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Vanc Pharmaceuticals Inc.

I have audited the accompanying consolidated financial statements of Vanc Pharmaceuticals Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flow for the year ended December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
April 27, 2017

Avricore Health Inc. (former VANC Pharmaceuticals Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2018	December 31, 2017
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		84,442	559,733
Accounts receivable	5	280,280	450,437
Prepaid expenses	6	286,246	452,953
Inventories	7	102,499	211,225
		753,467	1,674,348
Equipment	8	21,005	89,721
Intangible assets	9	425,733	1,136,117
Total Assets		1,200,205	2,900,186
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	10	314,239	302,089
Asset acquisition liability	4	-	100,000
		314,239	402,089
SHAREHOLDERS' EQUITY			
Share capital	11	20,783,372	18,340,491
Shares to be issued	4	211,167	973,333
Reserves	11	5,119,838	4,275,882
Deficit		(25,228,411)	(21,091,609)
		885,966	2,498,097
Total Liabilities and Shareholders' Equity		1,200,205	2,900,186

Nature of operations and going concern (Note 1)

Commitments (Note 17)

Segmented information (Note 18)

Subsequent events (Note 22)

Approved and authorized on behalf of the Board of Directors on May 30, 2019.

"Sukhwinder Bob Rai"

Sukhwinder Bob Rai, Director

"David Hall"

David Hall, Chairman

Avricore Health Inc. (former VANC Pharmaceuticals Inc.)
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2018, 2017 and 2016
(Expressed in Canadian Dollars)

	Note	2018	2017	2016
		\$	\$	\$
Revenue				
Sales		827,961	1,617,083	2,461,933
Marketing, promotional incentives		(601,516)	(1,079,369)	(1,448,243)
Net sales		226,445	537,714	1,013,690
Cost of Sales		188,394	290,871	710,912
Gross profit (loss)		38,051	246,843	302,778
Expenses				
Amortization		535,509	13,854	14,668
Consulting		494,783	92,378	242,667
General and administrative	14, 15	568,657	637,234	522,048
Product registration and development	12	251,508	242,303	208,784
Professional fees	15	268,621	279,097	61,409
Selling and marketing	13	472,496	696,161	663,822
Share-based compensation	11, 15	372,137	311,389	922,922
		2,963,711	2,272,416	2,636,320
Other income (expense)				
Finance costs		(102)	(262)	-
Gain on debt settlement		5,119	-	-
Interest income		1,715	-	8,480
Write down of intangible assets	9	(946,173)	-	-
Write down of inventories	7	(227,025)	(745,977)	(291,794)
Write down of equipment	8	(45,114)	-	-
Other income		438	35,095	2,952
Net loss and comprehensive loss for the year		(4,136,802)	(2,736,717)	(2,613,904)
Basic and Diluted Loss Per Share		(0.12)	(0.15)	(0.18)
Weighted Average Number of Common Shares Outstanding		33,869,642	18,393,169	14,907,103

Segmented information (Note 18)

Avricore Health Inc. (former VANC Pharmaceuticals Inc.)
Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2018, 2017 and 2016
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Shares to be Issued \$	Warrant Reserve \$	Option Reserve \$	Deficit \$	Total \$
Balance, December 31, 2015	14,276,297	15,775,145	-	39,272	3,173,546	(15,740,988)	3,246,975
Exercise of options	400,000	359,863	-	-	(166,863)	-	193,000
Exercise of warrants	325,000	184,998	-	(15,998)	-	-	169,000
Change of warrants term	-	-	-	186,500	-	-	186,500
Share-based compensation	-	-	-	-	736,422	-	736,422
Net loss	-	-	-	-	-	(2,613,904)	(2,613,904)
Balance, December 31, 2016	15,001,297	16,320,006	-	209,774	3,743,105	(18,354,892)	1,917,993
Private placements	10,585,326	1,587,799	-	-	-	-	1,587,799
Share issuance cost	-	(22,114)	-	11,614	-	-	(10,500)
Exercise of warrants	2,274,000	454,800	-	-	-	-	454,800
Acquisition of HealthTab Inc.	-	-	973,333	-	-	-	973,333
Share-based compensation	-	-	-	-	311,389	-	311,389
Net loss	-	-	-	-	-	(2,736,717)	(2,736,717)
Balance, December 31, 2017	27,860,623	18,340,491	973,333	221,388	4,054,494	(21,091,609)	2,498,097
Shares issued for cash, net	5,327,335	771,504	-	9,332	-	-	780,836
Exercise of warrants	2,975,500	603,310	-	(8,210)	-	-	595,100
Exercise of stock options	131,000	69,001	-	-	(40,181)	-	28,820
Shares issued for services	233,450	43,915	11,167	-	-	-	55,082
Acquisition of HealthTab Inc.	2,666,667	773,333	(773,333)	-	-	-	-
Acquisition of Corozon Platform	909,090	181,818	-	-	-	-	181,818
Acquisition of distribution rights	-	-	-	510,878	-	-	510,877
Share-based compensation	-	-	-	-	372,137	-	372,138
Net loss	-	-	-	-	-	(4,136,802)	(4,136,802)
Balance, December 31, 2018	40,103,665	20,783,372	211,167	733,388	4,386,450	(25,228,411)	885,966

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

Avricore Health Inc. (former VANC Pharmaceuticals Inc.)**Consolidated Statements of Cash Flows**

For the years ended December 31, 2018, 2017 and 2016

(Expressed in Canadian Dollars)

	2018	2017	2016
	\$	\$	\$
Operating Activities			
Net loss	(4,136,802)	(2,736,717)	(2,613,904)
<i>Adjustment for the non-cash items:</i>			
Amortization	535,509	13,854	14,668
Share-based payments	372,137	311,389	922,922
Write down of intangible assets	946,173	-	-
Write down of inventories	227,025	745,977	291,794
Write down of equipment	45,114	-	-
Gain on debt settlement	(5,119)	-	-
Services paid/to be paid in shares	55,082	-	-
<i>Change in working capital items:</i>			
Accounts receivable	170,157	268,968	(606,207)
Prepaid expenses and deposits	166,707	(411,809)	22,753
Inventories	(118,299)	99,085	(207,228)
Accounts payable and accrued liabilities	17,269	(58,043)	111,112
Net cash used in operating activities	(1,725,047)	(1,767,296)	(2,064,090)
Investing Activities			
Intangible assets	(50,000)	-	-
Purchase of equipment	(5,000)	(3,784)	(6,340)
Acquisition net of cash received	(100,000)	(128,768)	-
Net cash used in investing activities	(155,000)	(132,552)	(6,340)
Financing Activities			
Proceeds from issuance of shares, net	780,836	1,577,299	-
Proceeds from exercise of warrants and options	623,920	454,800	362,000
Net cash provided by financing activities	1,404,756	2,032,099	362,000
Increase (Decrease) in Cash	(475,291)	132,251	(1,708,430)
Cash and Cash Equivalents, Beginning of year	559,733	427,482	2,135,912
Cash and Cash Equivalents, End of year	84,442	559,733	427,482
Cash and Cash Equivalents Consist of:			
Cash	67,494	549,678	97,372
Guaranteed Investment Certificates	16,948	10,055	330,110
Cash and cash equivalents	84,442	559,733	427,482

Supplemental cash flow information (Note 19)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Avricore Health Inc. (former VANC Pharmaceuticals Inc.) (the “Company”) was incorporated under the *Company Act* of British Columbia on May 30, 2000. The Company’s common shares trade on the TSX Venture Exchange (the “Exchange”) under symbol “AVCR” and are quoted on the OTCIQ Market as “NUVPF”. The Company’s registered office is at 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

The Company’s operations consist of the marketing and distribution of generic and over-the-counter (“OTC”) pharmaceuticals and point of care technology and point of care tests.

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operations for the foreseeable future and be able to realize assets and satisfy liabilities in the normal course of business. The Company has always experienced operating losses and negative operating cash flows. Operations have been funded by the issuance of share capital. These conditions raise substantial doubt on the Company’s ability to continue as a going concern.

The continuation of the Company as a going concern is dependent upon its ability to generate revenue from its operations, or raise additional financing to cover ongoing cash requirements.

The consolidated financial statements do not reflect any adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	\$	\$	\$
Deficit	(25,228,411)	(21,091,609)	(18,354,892)
Working capital	439,228	1,272,259	1,886,976

Economic dependence

The Company currently has licensing arrangements with three manufacturers to purchase, distribute and commercialize their drug molecules in Canada. The Company derives the majority of its gross sales from two distributors for the year ended December 31, 2018. The ability of the Company to sustain operations is partially dependent on the continued operation of these distributors. The launch of new OTC products diversifies the Company’s portfolio and reduces the risk of the economic dependence.

2. BASIS OF PRESENTATION

a) Statement of Compliance and basis of presentation

The consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

b) Basis of presentation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The significant accounting policies are presented in Note 3 and have been consistently applied in each of the periods presented. The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency, unless other indicated.

2. BASIS OF PRESENTATION (continued)

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make estimates, judgments and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes to the consolidated financial statements. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3(m). Actual results might differ from these estimates. The Company's management reviews these estimates and underlying judgments on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the year in which the estimates are revised.

c) Basis of consolidation

Consolidated financial statements include the assets, liabilities and results of operations of all entities controlled by the Company. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the Company's the consolidated financial statements. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of comprehensive loss from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

These consolidated financial statements include the accounts of the Company and its controlled wholly owned subsidiaries, Vanc Marine Pharmaceuticals Inc. and HealthTab Inc.

d) Accounting standards issued, but not yet in effective

The following is an overview of accounting standard changes that the Company will be required to adopt in future years.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company expects that the impact IFRS 16 will have on its consolidated financial statements is to record a right-of-use asset with an offsetting liability for its existing leases, as well as additional disclosure.

The Company estimates the value of the right-of-use asset and corresponding lease liability to be approximately \$100,000 on recognition.

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the relevant receivable is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risks and rewards of ownership pass to the customer upon successful completion of shipment of pharmaceuticals. Provisions for sales discounts, incentives, and rebates, and returns are made based upon historical information.

Effective January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces all previous revenue recognition standards, including IAS 18, Revenue, and related interpretations. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes to the timing of revenue for certain types of revenues. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. As of January 1, 2018, the Company adopted IFRS 15 on a full retrospective basis and as such, has revised its revenue recognition policy based on the requirements of IFRS 15. Management has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Company's consolidated financial statements.

b) Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries.

Foreign currency transactions are translated into the functional currency of the respective entity, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

c) Cash equivalents

Cash equivalents include short-term guaranteed investment certificates readily convertible into a known amount of cash, which is subject to insignificant change in value.

d) Inventory

Inventories consist of raw materials comprising the ingredients used to manufacture OTC pharmaceuticals, as well as the packaging for these products, and finished goods comprising Canadian generic pharmaceuticals. All inventories are recorded at the lower of cost on a weighted average basis and net realizable value. The stated value of all inventories includes purchase, shipping and freight, and quality control testing. A regular review is undertaken to determine the extent of any provision for obsolescence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining balance method over their estimated useful lives. The Company's equipment, which consists of computer, furniture, equipment and computer systems are amortized at 30%, and the straight-line method for leasehold improvements over the term of the lease.

f) Intangible assets

All intangible assets acquired separately by the Company are recorded at cost on the date of acquisition. Intangible assets that have indefinite lives are measured at cost less accumulated impairment losses. Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets comprise of intellectual property, trademarks and web domains and distribution rights, which are amortized on a straight-line basis over 3 years. Amortization rates are reviewed annually to ensure they are aligned with estimates of remaining economic useful lives of the associated intangible assets.

g) Share-based payments

The Company operates an incentive share purchase option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes option pricing model, which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

h) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

i) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Income taxes

Income tax expense, consisting of current and deferred tax expense, is recognized in the statements of operations. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Financial Instruments

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the profit or loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) as they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

l) Impairment of equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

m) Significant accounting estimates and judgments

Significant estimates used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Inventory valuation

The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by regulatory changes or other market-driven changes that may reduce future selling prices. In determining net realizable value, the Company considers such factors as turnover, historical experience, expiry dates and shelf life of the products. A change to these assumptions could impact the Company's inventory valuation and gross margin. The Company attempts to sell products with short shelf life with significant rebates. Any unsold products with short shelf life and expired products are written-off.

Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale, collection of the relevant receivable is probable, evidence of an arrangement exists and the sales price is fixed or determinable. Risks and rewards of ownership pass to the customer upon successful completion of shipment of pharmaceuticals. Provisions for sales discounts, incentives, and rebates and returns are made based upon historical experiences.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain equipment.

Intellectual property

The recoverability of the carrying value of the intellectual property is dependent on successful development and commercial stage to the point where revenue is possible. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company grants share-based awards to certain directors, officers, employees, consultants and other eligible persons. For equity-settled awards, the fair value is charged to the statement of operations and comprehensive loss and credited to the reserves over the vesting period using the graded vesting method, after adjusting for the estimated number of awards that are expected to vest.

The fair value of equity-settled awards is determined at the date of the grant using the Black-Scholes option pricing model. For equity-settled awards to non-employees, the fair value is measured at each vesting date. The estimate of warrant and option valuation also requires determining the most appropriate inputs to the valuation model, including the volatility, expected life of warrants and options, risk free interest rate and dividend yield. Changes in these assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's options and warrants issued. Management must also make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgements

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

4. ACQUISITION

On December 28, 2017, the Company completed the acquisition of all the common shares of HealthTab Inc. ("HealthTab"). HealthTab's primary asset is intellectual property and certain trademarks and web domains related to the design of the HealthTab system, being a lab-accurate, point of care testing platform. Under the share purchase agreement, the consideration to be paid by the Company is as follows:

- Cash payment of \$100,000 upon signing of the share purchase agreement (paid);
- Cash payment of \$100,000 in six equal monthly instalments after the closing date (paid);
- Issue 880,000 common shares no later than 125 days after the closing date (issued) (Note 11);
- Issue 880,000 common shares no later than 245 days after the closing date (issued) (Note 11);
- Issue 906,667 common shares no later than 365 days after the closing date (issued) (Note 11);
- Issue common shares equal to the higher of \$100,000 or 5% of net sales related to HealthTab for the year ended December 2018 by January 31, 2019 (issued subsequent to the year end, Note 22); and
- Issue common shares equal to the higher of \$100,000 or 5% of net sales related to HealthTab for the year ended December 2019 by January 31, 2020

This acquisition has been accounted for as an acquisition of assets and liabilities as HealthTab did not meet the definition of a business under IFRS 3, Business Combinations. The shares to be issued have been valued based on the Company's share price on the acquisition. Due to the uncertainty associated with future revenue derived from HealthTab, the Company has estimated the 2019 and 2020 share issuances to be \$100,000 each.

4. ACQUISITION (continued)

The aggregate fair values of assets acquired and liabilities assumed were as follows on the acquisition date, December 28, 2017:

	\$
Purchase consideration:	
Cash	100,000
Asset acquisition liability	100,000
Shares to be issued	973,333
Acquisition costs	28,806
	1,202,139
Net assets acquired:	
Cash	38
Equipment	64,608
Intangible assets (Note 9)	1,140,283
Accounts payable and accrued liabilities	(2,790)
Total net assets acquired	1,202,139

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable consists of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Trade receivables	193,455	425,284
GST receivable	86,815	24,995
Employee advances	-	158
	280,280	450,437

6. PREPAID EXPENSES AND DEPOSITS

The closing balance consists of prepaid expense to vendors of \$252,751 (December 31, 2017 – \$437,137), security deposits of \$20,420 (December 31, 2017 - \$8,420), and prepaid business insurance of \$13,075 (December 31, 2017 - \$7,396).

7. INVENTORIES

At December 31, 2018 and December 31, 2017, the Company's inventory consists of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Work in process	-	39,845
Finished goods	102,499	171,380
	102,499	211,225

Inventories expensed to cost of sales during the year ended December 31, 2018 are \$153,509 (2017 - \$198,588). During the year ended December 31, 2018, the Company recorded a write-down of inventory of \$227,025 (2017 - \$745,977).

Avricore Health Inc. (former VANC Pharmaceuticals Inc.)
Notes to the Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017
(Expressed in Canadian Dollars)

8. EQUIPMENT

	Office Furniture and Equipment	Computer Equipment And Systems	Laboratory Equipment	Leasehold Improvements	Total
Cost	\$	\$	\$	\$	\$
Balance, December 31, 2016	2,071	3,898	38,896	24,182	69,047
Acquired assets	1,636	62,972	-	-	64,608
Acquisitions	3,784	-	-	-	3,784
Balance, December 31, 2017	7,491	66,870	38,896	24,182	137,439
Additions	5,000	-	-	-	5,000
Balance, December 31, 2018	12,491	66,870	38,896	24,182	142,439
Accumulated Amortization					
Balance, December 31, 2016	1,089	1,151	19,534	16,256	38,030
Amortization	523	979	5,808	2,378	9,688
Balance, December 31, 2017	1,612	2,130	25,342	18,634	47,718
Amortization	3,264	19,422	4,067	1,849	28,602
Balance, December 31, 2018	4,876	21,552	29,409	20,483	76,320
Write off	1,142	43,972	-	-	45,114
Carrying value					
As at December 31, 2017	5,879	64,740	13,554	5,548	89,721
As at December 31, 2018	6,473	1,346	9,487	3,699	21,005

During the year ended December 31, 2018 the Company recognized an impairment of \$45,114 for equipment that was grouped with the HealthTab intangible assets as a cash generating unit (Note 9).

9. INTANGIBLE ASSETS

	HealthTab	Corozon	Emerald	Total
Cost	\$	\$	\$	\$
Balance, December 31, 2016	-	-	-	-
Acquired assets	1,140,283	-	-	1,140,283
Balance, December 31, 2017	1,140,283	-	-	1,140,283
Acquired assets	-	231,818	510,878	742,696
Balance, December 31, 2018	1,140,283	231,818	510,878	1,882,979
Accumulated Amortization				
Balance, December 31, 2016	-	-	-	-
Amortization	4,166	-	-	4,166
Balance, December 31, 2017	4,166	-	-	4,166
Amortization	380,093	41,667	85,147	506,907
Balance, December 31, 2018	384,259	41,667	85,147	511,073
Write down during the year ended December 31, 2018				
	756,023	190,150	-	946,173
Carrying value				
As at December 31, 2017	1,136,117	-	-	1,136,117
As at December 31, 2018	1	1	425,731	425,733

On April 11, 2018, the Company entered into an asset purchase agreement with Corozon Consulting Corporation for the acquisition of the Corozon Platform. The Corozon Platform consists of two complementary modules: Corozon Academy which offers practical professional education to community pharmacists and Corozon Hardware which is an e-commerce portal that allows pharmacists to order point-of-care diagnostic devices and supplies. For consideration, the Company paid twelve monthly instalments totaling \$50,000 (completed payments subsequent to the year end) and issue 909,090 common shares valued at \$181,818 (issued) (Note 11).

On April 15, 2018, the Company entered into a supply and distribution agreement with Emerald Health Therapeutics, Inc. ("Emerald") to sell and distribute certain proprietary endocannabinoid-supporting products in Canada to licensed pharmacies. For consideration, the Company issued 3,030,303 warrants to Emerald valued at \$510,878 to acquire 3,030,303 common shares of the Company at a price of \$0.33 per share until April 15, 2020 (issued) (Note 11).

During the year ended December 31, 2018, the Company determined there were indicators of impairment relating to the HealthTab and Corozon intangible assets. The HealthTab intangible and related equipment (Note 8) was considered a cash generating unit. The recoverable amounts for the HealthTab and Corozon assets was determined to be nominal and accordingly an impairment charge of \$946,173 was recognized.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued costs consist of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Trade accounts payable	226,575	160,249
Accrued liabilities	87,664	141,840
	314,239	302,089

During the year ended December 31, 2018, the Company issued 233,450 common shares to Lampyon Canada Inc. ("Lampyon") valued at \$43,915 in consideration for services rendered pursuant to the terms of a service agreement entered into on April 10, 2018 (Note 11).

11. SHAREHOLDERS' EQUITY

Authorized share capital

Authorized: Unlimited number of common shares without par value.

Issued share capital

During the year ended December 21, 2016:

The Company issued 400,000 common shares related to the exercise of options for gross proceeds of \$193,000 and 325,000 common shares were issued related to the exercise of warrants for gross proceeds of \$169,000.

During the year ended December 21, 2017:

The Company closed a private placement and issued 4,408,659 units at a price of \$0.15 per unit for gross proceeds of \$661,299. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until June 26, 2022. The Company paid finder's fees of \$7,200 in cash and issued 48,000 finder's warrants valued at \$8,210. The finder's warrants are exercisable to purchase one common share of the Company at \$0.20 per share until June 26, 2022.

The Company closed a private placement and issued 1,326,667 units at a price of \$0.15 per unit for gross proceeds of \$199,000. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until August 3, 2022.

The Company closed a private placement and issued 4,850,000 units at a price of \$0.15 per unit for gross proceeds of \$727,500. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.20 per share until November 27, 2022. The Company paid finder's fees of \$3,300 in cash and issued 22,000 finder's warrants valued at \$3,404. The finder's warrants are exercisable to purchase one common share of the Company at \$0.20 per share until November 27, 2022.

The Company issued 2,274,000 common shares related to 2,274,000 warrants with an exercise price of \$0.20 being exercised for gross proceeds of \$454,800.

11. SHAREHOLDERS' EQUITY (continued)

During the year ended December 31, 2018:

The Company issued 2,666,667 common shares valued at \$773,733 related to the acquisition of HealthTab (Note 4).

The Company issued 909,090 common shares valued at \$181,818 related to the acquisition of the Corozon Platform (Note 9).

The Company issued 233,450 common shares to Lampyon valued at \$43,915 in consideration for services rendered pursuant to the terms of a service agreement entered into on April 10, 2018. (Note 10).

The Company closed a private placement and issued 5,327,335 units at a price of \$0.15 per unit for gross proceeds of \$799,100. Each unit consisted of one common share and one share purchase warrant entitling the holder thereof to acquire additional common share of the Company at a price of \$0.33 per share until July 27, 2020. The Company paid finder's fees of \$18,264 in cash and issued 88,800 finder's warrants valued at \$9,332. The finder's warrants are exercisable to purchase one common share of the Company at \$0.33 per share until July 31, 2020.

The Company issued 131,000 common shares for exercise of 131,000 stock options for gross proceeds of \$28,820. \$40,181 was reclassified from reserves to share capital on exercise of options.

The Company issued 2,975,500 common shares for exercise of 2,975,500 warrants for gross proceeds of \$595,100. \$8,210 was reclassified from reserves to share capital on exercise of warrants.

The Company granted 3,030,330 warrants valued at \$510,878 to Emerald as consideration for a supply and distribution agreement (Note 9). These warrants are exercisable to purchase one common share of the Company at \$0.33 per share until April 15, 2020. The warrants were valued using the Black-Scholes option pricing model with an estimated life of 2 years, volatility of 154%, dividend yield of 0% and risk-free interest rate of 2.1%.

As at December 31, 2018, the Company has recorded a \$211,167 (2017 - \$973,333) obligation for shares to be issued of which \$200,000 relates to the acquisition of HealthTab (Note 4) and \$11,167 relates to shares to be issued to Lampyon. Subsequent to December 31, 2018, the Company issued 1,111,110 shares to HealthTab and 125,081 shares to Lampyon (Note 22).

Stock options

The Company has adopted an incentive share purchase option plan under the rules of the Exchange pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of ten years and generally vest either immediately or in specified increments of up to 25% in any three-month period.

11. SHAREHOLDERS' EQUITY (continued)

The changes in share options including those granted to directors, officers, employees and consultants during years ended December 31, 2018, 2017 and 2016 are summarized as follows:

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning Balance	2,420,000	\$0.24	1,460,938	\$1.38	1,303,750	\$1.52
Options granted	665,000	\$0.23	2,420,000	\$0.24	672,500	\$1.38
Expired/Cancelled	(415,000)	\$0.24	(1,460,938)	\$1.38	(115,312)	\$1.51
Exercised	(131,000)	\$0.22	-	-	(400,000)	0.48
Ending Balance	2,539,000	\$0.24	2,420,000	\$0.24	1,460,938	\$1.38
Exercisable	2,536,500	\$0.24	1,188,750	\$0.22	1,184,324	\$1.38

The following table summarizes information about share options outstanding and exercisable as at December 31, 2018:

Exercise Price	Expiry date	Options	
		Outstanding	Exercisable
\$0.22	January 27, 2019	169,000 ⁽¹⁾	169,000
\$0.15	July 20, 2022	150,000	150,000
\$0.15	August 3, 2019	75,000	75,000
\$0.15	September 27, 2022	150,000	150,000
\$0.28	November 20, 2022	150,000	150,000
\$0.28	December 8, 2022	1,330,000 ⁽²⁾	1,327,500
\$0.24	March 27, 2023	200,000	200,000
\$0.21	April 11, 2023	175,000	175,000
\$0.125	September 12, 2023	140,000	140,000
		2,539,000	2,536,500

⁽¹⁾ expired unexercised subsequent to year end.

⁽²⁾ 73,928 exercised subsequent to year end (Note 22).

Share-based compensation

Share-based compensation of \$372,137 was recognized during the year ended December 31, 2018 (2017 - \$311,389; 2016 - \$736,422) for stock options vested during the current period. The weighted average fair value of options granted during the year was \$0.21 per option (2017 - \$0.13; 2016 - \$0.24). Options issued to directors and officers of the Company vested immediately, while those issued to consultants vest over one year, however, the Board may change such provisions at its discretion or as required on a grant-by-grant basis.

Share-based payments for options granted was measured using the Black-Scholes option pricing model with the following assumptions:

SHAREHOLDERS' EQUITY (continued)

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Expected life	5.0 years	2.0 – 5.0 years	2.0 – 5.0 years
Volatility	142% - 157%	148% - 164%	100% - 155%
Dividend yield	0%	0%	0%
Risk-free interest rate	2.03% - 2.24%	1.23% - 1.69%	0.47% - 0.58%

Option pricing models require the use of highly subjective estimates and assumptions, including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

Warrants

The Company has issued warrants entitling the holders to acquire common shares of the Company. The summary of changes in warrants is presented below.

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning Balance	8,381,326	\$0.20	-	-	1,301,250	\$1.24
Warrants issued	8,446,438	\$0.33	10,655,326	\$0.20	-	-
Expired/Cancelled	-	-	-	-	(976,250)	\$0.50
Exercised	(2,975,500)	\$0.20	(2,274,000)	\$0.20	(325,000)	\$0.52
Outstanding	13,852,264	\$0.28	8,381,326	\$0.20	-	-

The following table summarizes information about warrants outstanding and exercisable as at December 31, 2018:

Exercise Price	Expiry date	Warrants Outstanding
\$0.20	June 26, 2022	1,957,826
\$0.20	August 3, 2022	576,000
\$0.20	November 27, 2022	2,872,000
\$0.33	July 31, 2020	5,416,135
\$0.33	April 15, 2020	3,030,303
		13,852,264

During the year ended December 31, 2018 and 2017, the fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model using the following assumptions:

	Year ended December 31,		
	2018	2017	2016
Expected life	2.0 years	5.0 years	-
Volatility	154% - 169%	154% - 159%	-
Dividend yield	0%	0%	-
Risk-free interest rate	2.05% - 2.10%	1.15% - 1.62%	-

11. PRODUCT REGISTRATION AND DEVELOPMENT

	Year ended December 31,		2016
	2018	2017	
	\$	\$	\$
Payroll	213,484	126,859	168,964
Product registration and licensing fees	38,024	115,444	39,820
	251,508	242,303	208,784

12. SELLING AND MARKETING EXPENSES

	Year ended December 31,		2016
	2018	2017	
	\$	\$	\$
Payroll (sales personnel)	173,536	335,920	329,091
Marketing and advertising	193,106	178,058	105,658
Distribution	104,407	102,948	161,304
Travel	1,447	79,235	67,769
	472,496	696,161	663,822

13. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31,		2016
	2018	2017	
	\$	\$	\$
Bad debt	40,967	62,930	99,000
Bank service charges	3,969	2,480	1,330
Filing and registration fees	94,029	74,898	62,130
Foreign exchange	692	3,630	(3,210)
Insurance	18,147	34,573	34,453
Investor relations	9,974	7,174	70,332
Management fees (Note 15)	187,883	100,243	-
Office maintenance	86,700	180,984	55,168
Payroll	30,534	79,847	122,330
Rent	50,336	49,229	46,050
Travel & Conferences	45,426	41,246	34,465
	568,657	637,234	522,048

14. RELATED PARTY TRANSACTIONS

Related party transactions not otherwise described in the consolidated financial statements are shown below. The remuneration of the Company's directors and other members of key management, who have the authority and responsibility for planning, directing and controlling the activities of the Company, consist of the following:

	Year ended December 31,		2016
	2018	2017	
	\$	\$	\$
Professional fees	22,900	-	-
Management fees	150,000	60,010	242,667
Salaries and benefits	14,540	132,613	-
Share-based compensation	289,008	280,864	-
	476,448	473,487	242,667

As at December 31, 2018, there was \$nil (December 31, 2017 - \$13,152; 2016 - \$3,275) due to related parties included in accounts payable and accrued liabilities.

15. CAPITAL DISCLOSURES

The Company includes shareholders' equity in the definition of capital. The Company's objective when managing capital is to maintain sufficient cash resources to support its day-to-day operations. The availability of capital is solely through the issuance of the Company's common shares. The Company will not issue additional equity until such time when funds are needed and the market conditions become favorable to the Company. There are no assurances that funds will be made available to the Company when required. The Company makes every effort to safeguard its capital and minimize its dilution to its shareholders.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended December 31, 2018.

16. COMMITMENTS

Leased premises

The Company has entered into contracts for leased premises, which expire in 2018. In September 2017, the Company extended the lease. Total future minimum lease payments under these contracts are as follows:

	December 31, 2018
	\$
Within 1 year	50,958
<u>2 years</u>	<u>58,602</u>
	109,560

18. SEGMENTED INFORMATION

The Company has the following business divisions:

- **Products Business Division**
Marketing and distribution of generic and over-the-counter (OTC) pharmaceutical products and, through the Company's Corozon Platform, the distribution of point of care screening devices and related supplies and training materials.

- **Point of Care Business Division**
Point of care screening services provided through the Company's HealthTab system and software platform.

Summarized financial information concerning reportable segments is shown in the following tables. As at December 31, 2018:

	VANC	HealthTab	Total
	\$	\$	\$
Accounts receivable	280,280	-	280,280
Inventories	102,499	-	102,499
Equipment	21,005	-	21,005
Intangible assets	425,732	1	425,733
Accounts payable	312,632	1,607	314,239

18. SEGMENTED INFORMATION (continued)

VANC Pharmaceuticals	2018	2017
	\$	\$
Revenue		
Sales	812,666	1,617,083
Marketing, promotional incentives	(426,274)	(1,079,369)
Net sales	386,392	537,714
Cost of Sales	387,784	290,871
Gross profit (loss)	(1,392)	246,843
Expenses		
Amortization	136,080	13,854
Consulting	494,783	92,378
General and administrative	513,998	637,234
Product registration and development	251,508	242,303
Professional fees	267,945	279,097
Selling and marketing	472,496	696,161
Share-based compensation	372,138	311,389
	2,508,948	2,272,416
Other income (expense)		
Finance costs	-	(262)
Gain on debt settlement	5,119	-
Interest income	1,715	-
Write down of inventories	(227,025)	(745,977)
Write down of intangible assets	(190,151)	-
Other (expense) income	(2,562)	35,095
Net loss and comprehensive loss for the year	(2,923,244)	(2,736,717)

18. SEGMENTED INFORMATION (continued)

HealthTab	2018	2017
	\$	\$
Revenue		
Sales	15,295	-
Marketing, promotional incentives	(561)	-
Net sales	14,734	-
Cost of Sales	16,258	-
Gross profit (loss)	(1,524)	-
Expenses		
Amortization	399,429	-
General and administrative	13,691	-
Product registration and development	-	-
Professional fees	676	-
Selling and marketing	-	-
Share-based compensation	-	-
	413,796	-
Other income (expense)		
Finance costs	(102)	-
Gain on debt settlement	-	-
Interest income	-	-
Write down of inventories	-	-
Write down of equipment	(45,114)	-
Write down of intangible assets	(756,022)	-
Other income	3,000	-
Net loss and comprehensive loss for the year	(1,213,558)	-

19. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2018, the Company:

- granted 3,030,303 warrants valued at \$51,878 to Emerald for certain intangibles (Notes 9 and 11);
- issued a total 2,666,667 common shares valued at \$773,333 related to the acquisition of HealthTab (Notes 4 and 11);
- issued 909,090 common shares valued at \$181,818 related to the acquisition of the Corozon Platform (Notes 8 and 11);
- issued 233,450 common shares valued at \$43,915 to Lampyon for services recorded an obligation to issue shares to Lampyon of \$11,167 related to services;

19. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

- issued a total of 88,800 finder's warrants with a fair value of \$9,332 (Note 11).

During the year ended December 31, 2017 the Company:

- issued a total of 70,000 finder's warrants with a fair value of \$11,614 (Note 11);
- completed the acquisition of all the common shares of HealthTab through shares to be issued of \$973,333 and an asset acquisition liability of \$100,000 (Note 4); and

20. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2018 and 2017:

	2018	2017	2016
Loss for the year	\$ (4,136,802)	\$ (2,736,717)	\$ (2,613,904)
Expected income tax (recovery)	\$ (1,117,000)	\$ (712,000)	\$ (679,615)
Change in statutory, foreign tax, foreign exchange rates and other	(133,000)	(155,000)	-
Permanent differences	103,000	85,000	241,475
Changes in estimates	-	-	(11,699)
Share issue cost	(5,000)	(3,000)	-
Adjustment to prior years provision versus statutory tax returns & expiry of non-capital losses	(9,000)	-	-
Change in unrecognized deductible temporary differences	1,161,000	785,000	449,839
Total income tax expense (recovery)	\$ -	\$ -	\$ -
Current income tax	\$ -	\$ -	\$ -
Deferred tax recovery	\$ -	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Share issue costs	22,000	27,000
Property and equipment	159,000	147,000
Intangible asset	180,000	94,000
Non-capital losses	5,027,000	3,959,000
Net deferred tax liability	\$ 5,388,000	\$ 4,227,000

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and asset acquisition liability. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and accounts receivable. The Company's cash and cash equivalents are held through a large Canadian financial institution. The cash equivalent is composed of a guaranteed investment certificate and is issued by a Canadian bank with high investment-grade ratings. The Company does not have financial assets that are invested in asset-backed commercial paper. The Company performs ongoing credit evaluations of its accounts receivable, but does not require collateral. The Company establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers and historical data. Approximately 63% of trade receivables are due from one customer at December 31, 2018 (December 31, 2017 – 35% from one customer).

Pursuant to their collective terms, accounts receivable from customers were aged as follows:

	December 31, 2018	December 31, 2017
	\$	\$
Not past due	136,423	251,693
Under 30 days past due	24,666	23,062
31 – 90 days past due	1,445	22,442
Over 90 days past due	30,921	128,087
	193,495	425,284

As at December 31, 2018, the allowance for doubtful accounts receivable was \$nil (December 31, 2017 – \$59,045).

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company monitors its spending plans, repayment obligations and cash resources, and takes actions with the objective of ensuring that there is sufficient capital in order to meet short-term business requirements. To facilitate its expenditure program, the Company raises funds primarily through public equity financing. The Company anticipates it will have adequate liquidity to fund its financial liabilities through future equity contributions.

As at December 31, 2018, the Company's financial liabilities were comprised of accounts payable and accrued liabilities of \$314,239 (December 31, 2017 - \$302,089) and asset acquisition liability of \$Nil (December 31, 2017 - \$100,000).

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

c) Market risk

Market risk for the Company consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable limits, while maximizing returns.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. As all of the Company's purchases and sales are denominated in Canadian dollars, and it has no significant cash balances denominated in foreign currencies, the Company is not exposed to foreign currency risk at this time.

Interest rate risk

Interest rate risk is the risk that fair values or future cash flows will fluctuate as a result of changes in market interest rates. In respect of financial assets, the Company's policy is to invest cash at floating interest rates and cash reserves are to be maintained in cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders.

The Company is not exposed to significant interest rate risk.

d) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

Cash and cash equivalents are measured at fair value. For accounts receivable, accounts payable, accrued liabilities and asset acquisition liability carrying amounts approximate fair value due to their short-term maturity;

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below:

Level 1:

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities and amounts resulting from direct arm's length transactions. Cash and cash equivalents are valued using quoted market prices or from amounts resulting from direct arm's length transactions. As a result, these financial assets have been included in Level 1 of the fair value hierarchy.

Level 2:

Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full contractual term. Derivatives are included in Level 2 of the fair value hierarchy as they are valued using price models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward price curves, yield curves and credit spreads. The Company has no financial instruments at this level.

Level 3:

Inputs for the asset or liability are not based on observable market data. Currently, the Company has no financial instruments at this level.

22. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company:

- issued 1,111,110 common shares related to the acquisition of HealthTab (Notes 4 and 11).
- closed a private placement and issued 4,206,435 shares at \$0.07 for gross proceeds of \$294,450
- issued 73,928 shares pursuant to the exercise of 73,928 stock options at \$0.28 per option for proceeds of \$20,700.
- Issued 125,081 shares to Lampyon to satisfy its obligation to issue shares (Note 11).

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration report on its behalf.

Dated: June 17, 2019

AVRICORE HEALTH INC.

By: /s/ Kevin Strong

Kevin Strong,

Chief Financial Officer

Exhibit 12.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Bob Sukhwinder S Rai**, certify that:

1. I have reviewed this Report on Form 20-F of **Avricore Health Inc.**,
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 17, 2019

/s/ Bob Sukhwinder S Rai
Bob Sukhwinder S Rai, Chief Executive Officer

Exhibit 12.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, **Kevin Strong**, certify that:

1. I have reviewed this Report on Form 20-F of **Avricore Health Inc.**,
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 17, 2019

/s/ "Kevin Strong"
Kevin Strong, Chief Financial Officer

Exhibit 13.1

**Certification Pursuant to 18 U.S.C. Section 1650,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, **Bob Sukhwinder S Rai**, President and Chief Executive Officer of **AVRICORE HEALTH INC.** (the “Company”), certify that to the best of my knowledge:

1. the Report on Form 20-F of the Company for year ended *December 31, 2018* as filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ **Bob Sukhwinder S Rai**
Bob Sukhwinder S Rai
Chief Executive Officer
June 17, 2019

Exhibit 13.2

**Certification Pursuant to 18 U.S.C. Section 1650,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, **Kevin Strong**, Chief Financial Officer of **AVRICORE HEALTH INC.** (the “Company”), certify that to the best of my knowledge:

1. the Report on Form 20-F of the Company for year ended *December 31, 2018* as filed with the Securities and Exchange Commission (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ “Kevin Strong”

Kevin Strong
Chief Financial Officer
June 17, 2019

Exhibit 15.1

AUDIT COMMITTEE CHARTER

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of **VANC Pharmaceuticals Inc.**, (the "**Company**"), designed to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the adequacy of the Company's internal controls, (3) the independence and performance of the Company's external auditor, and (4) conflict of interest transactions.

I. ROLES AND RESPONSIBILITIES

A. Maintenance of Charter. The Committee shall review and reassess the adequacy of this formal written Charter on at least an annual basis.

B. Financial Reporting. The Committee shall review and make recommendations to the Board regarding the adequacy of the Company's financial statements and compliance of such statements with financial standards. In particular, and without limiting such responsibilities, the Committee shall:

With respect to the Annual Audited Financial Statements:

- Review and discuss with management and with the Company's external auditor the Company's audited financial statements, management discussion and analysis ("**MD&A**") and news releases regarding annual financial results before the Company publicly discloses this information.
- Review an analysis prepared by management and the external auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's audited financial statements.
- Discuss with the external auditor the matters required to be discussed by National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currencies* (as may be modified or supplemented) relating to the conduct of the audit.
- Based on the foregoing, indicate to the Board whether the Committee recommends that the audited financial statements be included in the Company's Annual Report.

With respect to Interim Unaudited Financial Statements:

- Review and discuss with management the Company's interim unaudited financial statements, MD&A and news releases regarding interim financial results before the Company publicly discloses this information. The review may be conducted through a designated representative member of the Committee.
- Approve interim unaudited financial statements and interim MD&A on behalf of the Board.

Generally

- Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and annually assess the adequacy of those procedures.

C. Internal Controls. The Committee shall evaluate and report to the Board regarding the adequacy of the Company's financial controls. In particular, the Committee shall:

- Ensure that the external auditor is aware that the Committee is to be informed of all control problems identified.

- Review with the Company's counsel legal matters that may have a material impact on the financial statements.
- Review the effectiveness of systems for monitoring compliance with laws, regulations and instruments relating to financial reporting.
- Receive periodic updates from management, legal counsel, and the external auditor concerning financial compliance.
- Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company from officers, employees and others regarding accounting, internal accounting controls, or auditing matters and questionable practices relating thereto; and
 - (ii) the confidential, anonymous submission by officers or employees of the Company or others or concerns regarding questionable accounting or auditing matters.

D. Relationship with External Auditor. The Committee shall:

- Interview, evaluate, and make recommendations to the Board with respect to the nomination and retention of, or replacement of, the external auditor.
- Ensure receipt from external auditor of a formal written statement delineating all relationships between the external auditor and the Company.
- Ensure that the external auditor is in good standing with the Canadian Public Accountability Board ("**CPAB**") and enquire if there are any sanctions imposed by the CPAB on the external auditor.
- Ensure that the external auditor meets the rotation requirements for partners and staff on the Company's audits.
- Actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor.
- Take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor.
- Review and approve the compensation to be paid to the external auditor.
- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
- Review and resolve disagreements between management and the external auditor regarding financial reporting.
- Pre-approve all non-audit services to be provided to the Company or any subsidiary by the external auditor in accordance with subsection 2.3(4) and sections 2.4 and 2.6 of Multilateral Instrument 51-110 *Audit Committees*.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company

Notwithstanding the foregoing, the external auditor shall be ultimately accountable to the Board and the Committee, as representatives of shareholders. The Board, upon recommendation from the Committee, shall have ultimate authority and responsibility to select, evaluate, and, where appropriate, replace the external auditor (or to nominate the external auditor to be proposed for shareholder approval in any information circular).

E. Conflict of Interest Transactions. The Committee shall:

- Review potential conflict of interest situations, including transactions between the Company and its officers, directors and significant shareholders not in their capacities as such.
- Make recommendations to the Board regarding the disposition of conflict of interest transactions in accordance with applicable law.

II. MEMBERSHIP REQUIREMENTS

- The Committee shall consist of at least **three (3)** directors chosen by the Board, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- The members of the Committee will be appointed annually by and will serve at the discretion of the Board.
- At least **one (1)** member of the Committee shall be able to read and understand a set of financial statements, including the Company's balance sheet, income statement, and cash flow statement, or will become able to do so within a reasonable period of time after his or her appointment to the Committee.
- At least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or comparable experience or background (such as a position as a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities), which results in financial sophistication, recognized financial or accounting expertise.

III. STRUCTURE AND POWERS

- The Committee shall appoint one of its members to act as a Chairperson, either generally or with respect to each meeting.
- The Committee Chairperson shall review and approve an agenda in advance of each meeting.
- The Committee shall meet as circumstances dictate.
- The Committee shall have the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties, and to set and pay the compensation for any advisors employed by the Committee.
- The Committee shall have the authority to communicate directly with the internal and external auditors.
- The Committee may request any officer or employee of the Company or the Company's outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- The Committee shall possess the power to conduct any investigation appropriate to fulfilling its responsibilities.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the external auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Corporate Governance Policies and Practices.

IV. MEETINGS

- The quorum for a meeting of the Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- The members of the Committee must elect a chair from among their number and may determine their own procedures.
- The Committee may establish its own schedule that it will provide to the Board in advance.
- The external auditor is entitled to receive reasonable notice of every meeting of the Committee and to attend and be heard thereat.
- A member of the Committee or the external auditor may call a meeting of the Committee.
- The Committee may hold meetings by telephone conference call where each member can hear the other members, or pass matters that would otherwise be approved at a meeting by all members signing consent resolutions in lieu of holding a meeting.
- The Committee will meet with the President and with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- The Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- The chair of the Committee must convene a meeting of the Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board or the shareholders.
- The Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board's meeting at which those recommendations are presented.
- The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.



VANC Pharmaceuticals Inc.

2003⁽¹⁾ STOCK OPTION INCENTIVE PLAN

EFFECTIVE: SEPTEMBER 15, 2017

1. PURPOSE

The purpose of this Stock Option Incentive Plan is to provide an incentive to Eligible Persons to acquire an equity interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

2. DEFINITIONS

In this Plan, the following words have the following meanings:

- (a) “Associate” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by National Instrument 45-106 - *Prospectus and Registration Exemptions*;
- (b) “Board” means the Board of Directors of the Company;
- (c) “Common Shares” means the common shares of the Company;
- (d) “Company” means VANC Pharmaceuticals Inc. and any successor thereto;
- (e) “Consultant” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by National Instrument 45-106 - *Prospectus and Registration Exemptions*;
- (f) “Consultant Company” has the meaning set out in the policies of the TSX Venture Exchange;
- (g) “Director” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by National Instrument 45-106 - *Prospectus and Registration Exemptions*;
- (h) “Discounted Market Price” means the Market Price of the Common Shares, less any discount permitted by an Exchange;
- (i) “Disinterested Shareholder Approval” means the approval by a majority of votes at a meeting of the shareholders of the Company cast on the resolution by shareholders of the Company (or, if acceptable under applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) by the written consent of a majority of such shareholders) who are not Insiders of the Company that qualify as Eligible Persons under the Plan and Associates of such Insiders and, for so long as the Common Shares are listed on the TSX Venture Exchange, includes holders of non-voting and subordinate voting shares of the Company;
- (j) “Effective Date” means the day following the date upon the last of the initial approvals set out in Section 13 of this Plan;
- (k) “Eligible Person” means any Director, Employee, or Consultant of the Company or any affiliate of the Company or any Management Company Employee;

- (l) “Employee” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by National Instrument 45-106 - *Prospectus and Registration Exemptions*;
- (m) “Exchange” means the TSX Venture Exchange and/or any other stock exchange or stock quotation system on which the Common Shares are listed for trading or otherwise quoted;
- (n) “Investor Relations Activities” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by National Instrument 45-106 - *Prospectus and Registration Exemptions*;
- (o) “Insider” has the meaning set out in the policies of the TSX Venture Exchange or, if the Common Shares are listed or quoted on an Exchange other than the TSX Venture Exchange, the meaning prescribed by the *Securities Act* (British Columbia);
- (p) “Management Company Employee” has the meaning set out in the policies of the TSX Venture Exchange, or if the Common Shares are not listed on the TSX Venture Exchange, the meaning prescribed by the *Securities Rules* (British Columbia);
- (q) “Market Price” means, as of any date, the Price of the Common Shares, determined as follows:
 - (i) if the Common Shares are listed on the TSX Venture Exchange, the Market Price shall be the last closing sales price for such shares as quoted on such Exchange for the market trading day immediately prior to the date of grant of the Option;
 - (ii) if the Common Shares are listed on an Exchange other than the TSX Venture Exchange, the market Price shall be the closing sales price of such shares (or the closing bid, if no sales were reported) as quoted on such Exchange for the market trading day immediately prior to the time of determination; and
 - (iii) if the Common Shares are not listed on an Exchange, the Market Price shall be determined in good faith by the Board;
- (r) “Option” means the option granted to an Optionee under this Plan and the Option Agreement;
- (s) “Option Agreement” means such option agreement or agreements as is approved from time to time by the Board and as is not inconsistent with the terms of this Plan;
- (t) “Option Date” means the date of grant of an Option to an Optionee;
- (u) “Optionee” means a person to whom an outstanding Option has been granted;
- (v) “Option Price” is the price at which the Optionee is entitled pursuant to the Plan and the Option Agreement to acquire Option Shares;
- (w) “Option Shares” means, subject to the provisions of Article 8 of this Plan, the Common Shares which the Optionee is entitled to acquire pursuant to this Plan and the applicable Option Agreement;
- (x) “Plan” means this 2003 Stock Option Incentive Plan, as amended from time to time;
- (y) “Shareholder Approval” means the approval by a majority of votes at a meeting of the shareholders of the Company cast on the resolution by shareholders of the Company (or, if acceptable under applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) by the written consent of a majority of such shareholders) entitled to attend at and cast a vote on the resolution.

3. Interpretation

In this Plan:

- (a) the division into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan;
- (b) the terms “this Plan”, “hereof”, “hereunder” and similar expressions refer to this Plan and not to any particular section, paragraph or other portion hereof and include any Plan supplemental hereto;
- (c) unless something in the subject matter or context is inconsistent therewith, references herein to sections and paragraphs are to sections and paragraphs of this Plan;
- (d) words importing the singular number only shall include the plural and *vice versa*, words importing the masculine gender shall include the feminine and neuter genders and *vice versa* and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations;
- (e) unless otherwise specifically provided in this Plan, any reference in this Plan to any law, by-law, rule, regulation, policy, order, act or statute of any government, governmental body, Exchange or other regulatory body shall be construed as a reference to those as amended or re-enacted from time to time or as a reference to any successor to those; and

This Plan and any Option Agreement related hereto shall be exclusively governed by and interpreted in accordance with the laws from time to time in force in British Columbia and the laws of Canada applicable thereto.

4. ADMINISTRATION

The Plan shall be administered by the Board, and subject to the rules of the TSX Venture Exchange and/or any other Exchange from time to time and except as provided for herein, the Board shall have full authority to:

- (a) determine and designate from time to time those Eligible Persons to whom Options are to be granted and the number of Option Shares to be optioned to each such Eligible Person;
- (b) determine the time or times when, and the manner in which, each Option shall be exercisable and the duration of the exercise period;
- (c) determine from time to time the Option Price, provided such determination is not inconsistent with this Plan; and
- (d) interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management.

5. OPTIONEES

Optionees must be Eligible Persons who, by the nature of their jobs or their participation in the affairs of the Company, in the opinion of the Board, are in a position to contribute to the success of the Company.

6. EFFECTIVENESS AND TERMINATION OF PLAN

The Plan shall be effective as of the Effective Date and shall terminate on the earlier of:

- (a) the date which is ten years from the Effective Date; and
- (b) such earlier date as the Board may determine.

Any Option outstanding under the Plan at the time of termination of the Plan shall remain in effect in accordance with the terms and conditions of the Plan and the Option Agreement.

7. THE OPTION SHARES

The aggregate number of Option Shares reserved for issuance under the Plan and Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time may not exceed, in aggregate, 10% of the Company's Common Shares issued and outstanding at the time of grant.

8. GRANTS, TERMS AND CONDITIONS OF OPTIONS

Options may be granted by the Board at any time and from time to time prior to the termination of the Plan. Options granted pursuant to the Plan shall be contained in an Option Agreement and, except as hereinafter provided, shall be subject to the following terms and conditions:

(a) Option Price

The Option Price shall be determined by the Board, provided that such price shall not be lower than the Discounted Market Price of the Option Shares on the date of grant of the Option.

(b) Duration and Exercise of Options

Except as otherwise provided elsewhere in this Plan, the Options shall be exercisable for a period to be determined in each instance by the Board, not exceeding ten years from the Option Date. The Options must be exercised in accordance with this Plan and the Option Agreement.

Except as contemplated in (c) below, no Option may be exercised by an Optionee who was an Eligible Person at the time of grant of such Option unless the Optionee shall have been an Eligible Person continuously since the Option Date. Absence on leave, with the approval of the Company, shall not be considered an interruption of employment for the purpose of the Plan. Notwithstanding anything else contained herein, each Eligible Person shall be responsible for the payment of all applicable taxes, including, but not limited to, income taxes payable in connection with the exercise of any Options under the Plan and the Company shall bear no liability in connection with the payment of such taxes. If the Company is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Option Shares on exercise of Options, then the Optionee shall:

- (i) pay to the Company, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Company to be the amount necessary to permit the required tax remittance;
- (ii) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Common Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or
- (iii) make other arrangements acceptable to the Company to fund the required tax remittance.

(c) Termination

All rights to exercise Options shall terminate upon the earliest of:

- (i) the expiration date of the Option;
- (ii) the date on which the Optionee ceases to be an Eligible Person by reason or termination of the Eligible Person as an Employee, Consultant of the Company for cause (which, in the case of a Consultant, includes any breach of an agreement between the Company and the Consultant or the Consultant Company), or termination, for any reason, of a Management Company Employee by a person providing management services to the Company;
- (iii) the date determined by the Board, on or after which the Optionee ceases to be an Eligible Person by reason or termination of the Eligible Person as an Employee or Consultant of the Company other than for cause; or
- (iv) if any Option is exercisable by the heirs or administrators of an Optionee who ceases to be an Eligible Person by reason the Eligible Persons death, the first anniversary of the date of death of the Eligible Person.

(d) Re-issuance of Options

Options which are cancelled or expire prior to exercise may be re-issued under the Plan without Shareholder Approval.

(e) Transferability of Option

Options are non-transferable and non-assignable.

(f) Other Terms and Conditions

The Option Agreement may contain such other provisions as the Board deems appropriate, provided such provisions are not inconsistent with the Plan and the requirements of an Exchange.

In addition, for as long as the Common Shares of the Company are listed on the TSX Venture Exchange, the Company shall comply with the following requirements:

- (i) Options to acquire more than 2% of the issued Common Shares of the Company, calculated on the date of grant, may not be granted to any one Consultant in any twelve (12) month period;
- (ii) Options to acquire more than 2% of the issued Common Shares of the Company, calculated on the date of grant, may not be granted to any or all persons conducting Investor Relations Activities in any twelve (12) month period;
- (iii) Options issued to Consultants conducting Investor Relations Activities must vest in stages over twelve (12) months with no more than one-quarter ($\frac{1}{4}$) of the options vesting in any three month period;

- (iv) the approval of the Disinterested Shareholders shall be obtained:
 - (A) if Common Shares reserved for issuance upon the exercise of Options granted to Insiders pursuant to this Plan and any previously established and outstanding stock option plans or grants of the Company, exceed 10% of the issued Common Shares of the Company at the time of such the grant;
 - (B) if Options are granted to any one Optionee to acquire more than 5% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;
 - (C) if Options are granted to Insiders to acquire more than 10% of the issued and outstanding Common Shares of the Company at the time of such the grant in any twelve (12) month period;
 - (D) any decrease of the Option Price of Options granted to Insiders pursuant to this Plan or any previously established and outstanding stock option plans or grants of the Company; and
- (v) for Options granted to Employees, Consultants or Management Company Employees of the Company, the Company will represent that the Optionee is a *bona fide* Employee, Consultant or Management Company Employee of the Company, as the case may be.

9. ADJUSTMENT OF AND CHANGES IN THE OPTION SHARES

- (a) If the Option Shares, as presently constituted, are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another Company (whether by reason of merger, consolidation, amalgamation, recapitalization, reclassification, split, reverse split, combination of shares, or otherwise) or if the number of such Option Shares are increased through the payment of a stock dividend, then there shall be substituted for or added to each Option Share subject to or which may become subject to an Option under this Plan, the number and kind of shares or other securities into which each outstanding Option Share is so changed, or for which each such Option Share is exchanged, or to which each such Option Share is entitled, as the case may be. Outstanding Options under the Option Agreements shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event that there is any other change in the number or kind of the outstanding Option Shares or of any shares or other securities into which such Option Shares are changed, or for which they have been exchanged, then, if the Board shall, in its sole discretion, determine that such change equitably requires an adjustment in any Option theretofore granted or which may be granted under the Plan, such adjustment shall be made in accordance with such determination. Subject to the requirements of an Exchange, any such amendment shall be effective upon receipt of Board approval of it, and the approval of any of the shareholders of the Company or any Optionee is not required to give effect to such amendment.
- (b) Fractional shares resulting from any adjustment in Options pursuant to this Section 8 will be cancelled. Notice of any adjustment shall be given by the Company to each holder of an Option which has been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

10. PAYMENT

Subject as hereinafter provided, the full purchase price for each of the Option Shares shall be paid by cash, bank draft, certified cheque or electronic transfer of immediately available funds in favour of the Company upon exercise thereof. An Optionee shall have none of the rights of a shareholder in respect of the Option Shares until the Option Shares are issued to such Optionee as fully paid.

11. SECURITIES LAW REQUIREMENTS

No Option shall be exercisable in whole or in part, nor shall the Company be obligated to issue any Option Shares pursuant to the exercise of any such Option, if such exercise and issuance would, in the opinion of counsel for the Company, constitute a breach of any applicable laws from time to time, or the rules from time to time of the Exchange. Each Option shall be subject to the further requirement that if at any time the Board determines that the listing or qualification of the Option Shares under any securities legislation or other applicable law, or the consent or approval of any governmental or other regulatory body (including the Exchange), is necessary as a condition of, or in connection with, the issue of the Option Shares hereunder, such Option may not be exercised in whole or in part unless such listing, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

12. AMENDMENT OF THE PLAN OR OPTIONS

- (a) The Board may, subject to the requirements of any applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), amend, suspend or terminate the Plan or any portion thereof or any outstanding Options or Option Agreements related thereto, at any time, including:
- (i) an increase the aggregate number of Shares which may be issued under the Plan;
 - (ii) materially modifying the requirements as to the eligibility for participation in the Plan which would have the potential of broadening or increasing Insider participation;
 - (iii) the addition of any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the Plan;
 - (iv) the addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
or
 - (v) materially increasing the benefits accruing to participants under the Plan;

provided that if required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange) the Board shall obtain within twelve (12) months either before or after the Board's adoption of a resolution authorizing such amendment, suspension or termination, Shareholder Approval, and, where required, approval of Disinterested Shareholder Approval

However, notwithstanding the foregoing, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority without obtaining Shareholder Approval, including:

- (vi) amendments of a housekeeping nature to the Plan;
- (vii) a change to the vesting provisions of a security or the Plan;
- (viii) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date;
- (ix) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

- (b) If required by any Exchange on which Common Shares or any Option Shares are at any time to be listed or quoted, to the extent that there are any Options which are outstanding and unexercised at the time of such application for such listing or quotation, the Option Price, the aggregate number of Option Shares, the exercise period, and any other relevant terms of such Options and the Option Agreements related thereto, shall be amended in accordance with the requirements of the applicable rules and policies of any Exchange on which such Common Shares or Option Shares are listed and quoted and any Exchange for which listing or quotation of such Common Shares or Option Shares has been applied for). Subject to the requirements of an Exchange, any such amendment shall be effective upon receipt of Board approval of it, and the approval of any shareholders of the Company or Optionee is not required to give effect to such amendment.
- (c) The Board shall have the power, in the event of:
 - (i) any disposition of substantially all of the assets of the Company, dissolution or any merger, amalgamation or consolidation of the Company, with or into any other Company, or the merger, amalgamation or consolidation of any other Company with or into the Company; or
 - (ii) any acquisition pursuant to a public tender offer of a majority of the then issued and outstanding Common Shares;

but subject to applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable rule and policies of an Exchange), to amend any outstanding Options to permit the exercise of all such Options prior to the effectiveness of any such transaction, and to terminate such Options as of such effectiveness in the case of transactions referred to in subsection (i) above, and as of the effectiveness of such tender offer or such later date as the Board may determine in the case of any transaction described in subsection (ii) above. If the Board exercises such power, all Options then outstanding and subject to such requirements shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to the effectiveness of such transaction, and such Options shall also be deemed to have terminated as provided above.

13. APPROVAL & RATIFICATION

If required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), this Plan is initially subject to:

- (a) the approval of the Board;
- (b) the approval or acceptance of any Exchange;
- (c) Shareholder Approval; and
- (d) if applicable, Disinterested Shareholder Approval.

Thereafter, if required by applicable securities regulation or law of any applicable governmental or regulatory body (including the applicable policies of an Exchange), this Plan shall be subject to the annual approval or acceptance of any Exchange and Shareholder Approval obtained any at each annual meeting of the shareholders of the Company. Any Options granted prior to such approvals are conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

Exhibit 15.3

UNIT 114B (2nd floor)
8988 FRASERTON COURT
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T: 604.318.5465
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Adam Kim

ADAM SUNG KIM LTD. CHARTERED
PROFESSIONAL ACCOUNTANT

June 14, 2019

United States Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C.
20549

Dear Sirs/Madams:

We were previously the independent registered public accounting firm for Avricore Health Inc. (formerly Vanc Pharmaceuticals Inc.) (the "Company") and reported on the consolidated financial statements of the Company for the year ended December 31, 2016. We have read the Company's statements under Item 16F of the Annual Report on Form 20-F/A dated June 14, 2019, and we agree with the statements made therein concerning the change in accountants. However, we are not in a position to agree or disagree with the Company's statement that newly engaged accountants were not consulted regarding any of the matters or events set forth in Item 16F.

Sincerely,

"Adam Sung Kim Ltd."
Burnaby, British Columbia
June 14, 2019