DEVERON UAS CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Deveron UAS Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

DEVERON UAS CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at September 30, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,655,129**	$ 1,147,869
Amounts receivable and other assets (note 5)	**569,397**	302,606
Total current assets	**4,224,526**	1,450,475
Non-current assets		
Property, plant and equipment (note 6)	**137,427**	243,304
Long-term investments (note 7)	**-**	1
Goodwill (note 3)	**1,427,307**	612,741
Total non-current assets	**1,564,734**	856,046
Total assets	**$ 5,789,260**	$ 2,306,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 8 and 14)	**$ 259,749**	$ 136,264
Deferred revenue	**-**	35,516
Due to related party (note 14)	**500,000**	500,000
Total liabilities	**759,749**	671,780
Shareholders' equity		
Share capital (note 9(a)(b))	**5,216,042**	3,446,473
Reserves (notes 10 and 11)	**4,106,421**	1,864,946
Deficit	**(4,292,952)**	(3,676,678)
Total shareholders' equity	**5,029,511**	1,634,741
Total liabilities and shareholders' equity	**$ 5,789,260**	$ 2,306,521

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

Nature of operations and going concern (note 1)
Events after the reporting period (note 16)

DEVERON UAS CORP.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues				
Drone income	**$ 108,416**	$ 94,840	**$ 267,045**	$ 174,873
Cost of services				
Cost of services (note 13)	**(129,419)**	(90,313)	**(216,668)**	(138,269)
Gross margin	**(21,003)**	4,527	**50,377**	36,604
Operating expenses (income)				
Share-based payments (note 10(i)(ii)(iii))	**34,665**	-	**317,272**	-
Salaries and benefits (note 14)	**131,658**	91,200	**369,034**	262,254
Shareholder relations	**13,549**	22,246	**207,324**	219,213
Depreciation (note 6)	**59,010**	53,084	**171,223**	105,686
Business development	**61,616**	56,607	**156,287**	105,523
Office and general	**44,464**	59,867	**129,188**	126,342
Professional fees (note 14)	**23,615**	18,017	**73,198**	70,022
Travel	**26,749**	21,580	**66,639**	50,762
Interest expense (note 14)	**11,027**	10,438	**32,664**	30,274
Consulting fees (note 14)	**-**	-	**-**	175,000
Gain on debt settlement (note 9(c))	**-**	-	**-**	(240,000)
Interest income	**(18,707)**	-	**(18,707)**	-
Gain on long-term investment (note 7)	**(507,131)**	(360,000)	**(507,131)**	(360,000)
	(119,485)	(26,961)	**996,991**	545,076
Income (loss) for the period from continuing operations	**98,482**	31,488	**(946,614)**	(508,472)
Income (loss) for the period from discontinued operations (note 4)	**50,000**	50,000	**50,000**	50,000
Total comprehensive income (loss) for the period	**$ 148,482**	$ 81,488	**$ (896,614)**	$ (458,472)
Net income (loss) per common share - continuing operations (note 12)				
- basic	**$ 0.00**	$ 0.00	**$ (0.03)**	$ (0.02)
- diluted	**$ 0.00**	$ 0.00	**$ (0.03)**	$ (0.02)
Net income per common share - discontinuing operations (note 12)				
- basic	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
- diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Basic and diluted net income (loss) per common share (note 12)	**$ 0.00**	$ 0.00	**$ (0.03)**	$ (0.02)

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

DEVERON UAS CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating activities		
Net loss for the period	**$ (896,614)**	$ (458,472)
Adjustments for:		
Depreciation (note 6)	**171,223**	105,686
Share-based payments (note 10(i)(ii)(iii))	**317,272**	-
Gain on long-term investments (note 7)	**(507,131)**	-
Gain on debt settlement (note 9(c))	**-**	(240,000)
Net income from discontinued operations (note 4)	**(50,000)**	(50,000)
Changes in non-cash working capital items:		
Amounts receivable and other assets	**237,345**	(559,047)
Amounts payable and other liabilities	**(57,490)**	186,441
Deferred revenue	**(35,516)**	-
Net cash used in operating activities	**(820,911)**	(1,015,392)
Investing activities		
Purchase of property, plant and equipment (note 6)	**(41,036)**	(316,242)
Cash payment for the Acquisition (note 3)	**(320,000)**	-
Proceeds from long-term investments (note 7)	**507,132**	-
Net cash used in investing activities	**146,096**	(316,242)
Financing activities		
Cash acquired from the Acquisition (note 3)	**41,177**	-
Issue of common shares for private placements (note 9(b)(i)(ii))	**3,269,659**	2,024,976
Share issue costs	**(178,761)**	(224,630)
Exercise of warrants	**-**	2,100
Net cash provided by financing activities	**3,132,075**	1,802,446
Net change in cash and cash equivalents	**2,457,260**	470,812
Net change in cash from discontinued operations	**50,000**	50,000
Cash and cash equivalents, beginning of period	**1,147,869**	208,334
Cash and cash equivalents, end of period	**$ 3,655,129**	$ 729,146
Cash	**$ 1,647,403**	$ 729,146
Cash equivalents	**2,007,726**	-
Cash and cash equivalents	**$ 3,655,129**	$ 729,146

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

DEVERON UAS CORP.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital	Shares to be issued	Reserves: Warrants	Reserves: Share-based payments	Deficit	Total
Balance, December 31, 2016	**$ 1,822,930**	**$ 240,000**	**$ 260,404**	**$ 291,033**	**$ (2,106,604)**	**$ 507,763**
Common shares issued for private placements (note 9(b)(i))	2,024,976	-	-	-	-	2,024,976
Warrants issued for private placements (note 9(b)(i))	(579,358)	-	579,358	-	-	-
Share issue costs (note 9(b)(i))	(333,355)	-	108,725	-	-	(224,630)
Change in shares to be issued (note 9(c))	-	(240,000)	-	-	-	(240,000)
Exercise of warrants	3,037	-	(937)	-	-	2,100
Stock options expired	-	-	-	(10,451)	10,451	-
Net loss for the period	-	-	-	-	(458,472)	(458,472)
Balance, September 30, 2017	**$ 2,938,230**	**$ -**	**$ 947,550**	**$ 280,582**	**$ (2,554,625)**	**$ 1,611,737**
Balance, December 31, 2017	**$ 3,446,473**	**$ -**	**$ 935,904**	**$ 929,042**	**$ (3,676,678)**	**$ 1,634,741**
Common shares issued for private placements (note 9(b)(ii))	3,269,659	-	-	-	-	3,269,659
Warrants issued for private placements (note 9(b)(ii))	(2,007,609)	-	2,007,609	-	-	-
Share issue costs (note 9(b)(ii))	(279,981)	-	101,220	-	-	(178,761)
Common shares to be issued pursuant to the Acquisition (note 3)	787,500	-	-	-	-	787,500
Warrants issued pursuant to the Acquisition (note 3)	-	-	95,714	-	-	95,714
Warrants expired	-	-	(247,822)	-	247,822	-
Stock options expired	-	-	-	(32,518)	32,518	-
Share-based payments (note 10(i)(ii)(iii))	-	-	-	317,272	-	317,272
Net loss for the period	-	-	-	-	(896,614)	(896,614)
Balance, September 30, 2018	**$ 5,216,042**	**$ -**	**$ 2,892,625**	**$ 1,213,796**	**$ (4,292,952)**	**$ 5,029,511**

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

1. Nature of operations and going concern

Deveron UAS Corp. (“Deveron” or the "Company”) was incorporated under the laws of the Province of Ontario on March 28, 2011. On November 27, 2012, Deveron's common shares started trading on the TSX Venture Exchange ("TSXV") under the symbol "DVR". The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

As at September 30, 2018, 22.5% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle"). During the year ended December 31, 2017, Deveron ceased to be a subsidiary of Greencastle and became an investment in associate (refer to note 14).

On March 24, 2016, Deveron obtained its Special Flight Operations Certificate (“SFOC”) from Transport Canada. The SFOC permits Deveron to operate small unmanned aerial systems ("UAS", "UAV" or, more commonly, "drones") for the purpose of surveying agricultural land in rural areas of Ontario. Deveron is operating under a standing SFOC which allows Deveron to operate on an annual basis rather than a per flight basis. To use a UAV for work or research in Canada, companies are legally required to hold an SFOC.

On April 13, 2016, Deveron commenced commercial UAS flying for the 2016 agricultural season in Ontario. Deveron also hired additional licensed pilots to operate its fleet of drones.

On July 14, 2016, the Company changed its name from Deveron Resources Ltd. to Deveron UAS Corp., completed the acquisition of 2487473 Ontario Inc. (operating as Eagle Scout Imaging) ("Eagle Scout") and the Company's common shares were delisted from the TSXV. On July 19, 2016, the Company's common shares were accepted for listing on the Canadian Securities Exchange ("CSE"), and its common shares commenced trading on the CSE under its existing symbol "DVR".

On July 26, 2016, the Company received authority to operate under a SFOC, for its UAS in Alberta, Saskatchewan and Manitoba as a Restricted Operator - Complex Operations. The SFOC has been issued under the authority of Transport Canada pursuant to the Aeronautics Act. Under its SFOC, Deveron received approvals to expand into Western Canada with up to four different pieces of hardware.

A Standing SFOC is issued to allow operations within a defined geographical boundary (e.g. province) and removes the requirement to submit individual sites for prior approval, subject to certain conditions. A Standing SFOC is not issued until the UAV operator has gained sufficient experience and demonstrates a history of safe operations.

On December 15, 2016, the Company signed a multi-year commitment to working with Thompson Ltd. to provide leading-edge remote sensing data solutions to its growers. The contract is expected to run through 2018.

On May 29, 2017, the Company announced that it was granted approval as a Compliant Operator under its SFOC for the operation of drone within visual line-of-sight, issued under the authority of the Minister, Transport Canada, pursuant to the Aeronautics Act. The certificate is valid for aerial data collection and surveying throughout Canada, and meets the highest level of approvals under Transport Canada's regulatory environment related to UAV activities.

On September 14, 2018, the Company completed the acquisition of Veritas Farm Management Inc. ("Veritas") (refer to note 3).

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. Certain principal conditions and events are prevalent which indicate that there could be significant doubt about the Company’s ability to continue as a going concern for a reasonable period of time. These include: (i) recurring operating losses and (ii) inability to obtain additional financing. The ability of the Company to fund its potential operations and commitments is dependent upon the ability of the Company to obtain additional financing.

(Expressed in Canadian Dollars)

2. Significant accounting policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 22, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2017, except as noted below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) New accounting standard adopted

IFRS 9 - Financial Instruments ("IFRS 9") replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company has assessed this new standard and there has been no impact to the unaudited condensed interim consolidated financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). Financial liabilities are classified in the following measurement categories: FVTPL, or amortized cost.

The following table summarizes the changes in the classification of the Company’s financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the unaudited condensed interim consolidated financial instruments.

Financial instruments	**Category under IAS 39**	**Category under IFRS 9**
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Loans and receivables	Amortized cost
Long-term investments	Available-for-sale	FVTPL
Accounts payable and other liabilities	Other financial liabilities	Amortized cost
Due to related party	Other financial liabilities	Amortized cost

The accounting for these instruments and the line item in which they are included in the unaudited condensed interim consolidated statements of financial position are unaffected by the adoption of IFRS 9, and no measurement adjustments are required to the Company’s financial assets and liabilities. The adoption of IFRS 9 does not have a material impact on impairment of the Company’s financial assets.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company’s December 31, 2017 consolidated financial statements has been updated as follows:

2. Significant accounting policies (continued)

(b) New accounting standard adopted (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and long-term investments are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable are classified as financial assets measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities and due to related party do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

2. Significant accounting policies (continued)

(b) New accounting standard adopted (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's unaudited condensed interim consolidated financial statements.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

(c) New accounting standards not yet adopted

On June 7, 2017, the IASB issued IFRS Interpretations Committee 23 - Uncertainty Over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the consolidated financial statements.

On January 13, 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"). The new standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 will replace IAS 17 - Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company intends to adopt IFRS 16 in its consolidated financial statements for the period beginning on January 1, 2019. The Company is evaluating the impact of adoption and expects to report more detailed information in its consolidated financial statements as the effective date approaches.

(Expressed in Canadian Dollars)

3. Acquisition of Veritas

On August 27, 2018, the Company signed a definitive agreement (the "Agreement") with South West Ag Inc. (the "Vendor") to acquire all the issued and outstanding shares of Veritas. Veritas is a data analytics company which provides recurring data consulting and precision agriculture services to large enterprises and large-scale farmers.

On September 14, 2018, the Company acquired all of the issued and outstanding shares of Veritas pursuant to the term of the Agreement (the "Acquisition"). As a result, Veritas is a wholly-owned subsidiary of the Company and Deveron owns 100% of the Veritas shares and its assets. In connection with completion of the Acquisition, Veritas shareholders received a cash payment of $320,000 and 3,750,000 units ("Units") of the Company. Each Unit consists of one common share of the Company and one-quarter of a common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at an exercise price of $0.50 per common share for a period of two years. Under the terms of the Agreement, the Unit will be released from escrow in five equal tranches of 750,000 Units, every three months, with the initial release occurring on the sixth month following the closing of the acquisition, and the final tranche being released on the eighteenth month after closing.

All securities issued in connection with the Acquisition are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.

In addition, Deveron has to pay Veritas a sum equal to 50% of the earnings of Veritas during the period from April 1, 2018 to August 31, 2018 ("Earn-Out-Period").

The allocation of the purchase price is as follows:

Purchase price allocation		
Issuance of common shares (i)	$	787,500
Issuance of warrants (ii)		95,714
Cash payment		320,000
Additional cash payment accrued (iii)		109,719
Total consideration	$	1,312,933

Allocation of purchase price		
Cash	$	41,177
Amounts receivable and other assets		504,136
Property, plant and equipment		24,310
Goodwill		814,566
Amounts payable and other liabilities		(71,256)
Veritas net assets received	$	1,312,933

(i) For the purpose of determining the value of the purchase price consideration, the 3,750,000 common shares were valued at $0.21 per share based on Deveron's closing price as of September 14, 2018.

(ii) The fair value of Deveron's 937,500 warrants was estimated to be $95,714 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.21; exercise price of $0.50; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 130.04%; risk-free interest rate - 2.13%; and an expected life - 2 years.

(iii) The Company has estimated that an additional $109,719 will be paid to Veritas which is the sum equal to 50% of the earnings of Veritas during the Earn-Out-Period.

(Expressed in Canadian Dollars)

4. Discontinued operations

As a result of the acquisition of Eagle Scout on July 14, 2016, the business of the Company was changed from mineral exploration to the drone data service sector. Therefore, all operations related to mineral exploration were transferred to discontinued operations.

There were no assets or liabilities for discontinued operations as at September 30, 2018 and December 31, 2017.

Discontinued operations for the periods presented include:

Statements of Comprehensive Income (Loss)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Property option revenue (i)	**$ 50,000**	$ 50,000	**$ 50,000**	$ 50,000

(i) On August 1, 2016, the Company entered into an agreement with Parlane Resource Corp. ("Parlane") for the sale of undivided 100% right, title and interest in the Nechako Property. Under the terms of the agreement, Parlane shall, upon signing of this agreement, pay $50,000 to Deveron (received), and Deveron shall, within 3 days thereafter, transfer title to the Nechako Property, to Parlane.

- On the first anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall pay to Deveron an additional $50,000 (received in August 2017); and
- On the second anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall make a further and last payment of $50,000 (received in August 2018) to Deveron.

There was no impact on the consolidated statements of cash flows from discontinued operations.

5. Amounts receivable and other assets

	As at September 30, 2018	As at December 31, 2017
Sales tax receivable - (Canada) (i)	**$ 1,607**	$ 961
Account receivable	**512,671**	84,327
Prepaids	**55,119**	217,318
	$ 569,397	$ 302,606

(i) Sales tax receivable is not past due.

(Expressed in Canadian Dollars)

6. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2017	**$ 52,458**	**$ 394,339**	**$ -**	**$ 446,797**
Additions	2,269	38,767	-	41,036
Additions pursuant to the Acquisition (note 3)	11,910	-	12,400	24,310
Balance, September 30, 2018	**$ 66,637**	**$ 433,106**	**$ 12,400**	**$ 512,143**

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2017	**$ 14,656**	**$ 188,837**	**$ -**	**$ 203,493**
Depreciation	13,207	157,086	930	171,223
Balance, September 30, 2018	**$ 27,863**	**$ 345,923**	**$ 930**	**$ 374,716**

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2017	**$ 37,802**	**$ 205,502**	**$ -**	**$ 243,304**
Balance, September 30, 2018	**$ 38,774**	**$ 87,183**	**$ 11,470**	**$ 137,427**

7. Long-term investments

During the three and nine months ended September 30, 2017, Deveron recorded a gain on long-term investment of $360,000 in the unaudited condensed interim consolidated statements of comprehensive income (loss), being the amount of consideration for the second tranche of $0.12 per Boreal Agrominerals Inc. ("Boreal") share.

During the three and nine months September 30, 2018, the Company received final payment for its previously reported tendering of its shareholdings in Boreal. The Company received final payment of approximately $0.17 per share on its original holdings of 3 million shares, totaling $507,132.

8. Amounts payable and other liabilities

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at September 30, 2018	As at December 31, 2017
Amounts payable	**$ 109,363**	$ 110,050
Accrued liabilities	**150,386**	26,214
Total amounts payable and other liabilities	**$ 259,749**	$ 136,264

(Expressed in Canadian Dollars)

8. Amounts payable and other liabilities (continued)

The following is an aged analysis of the amounts payable and other liabilities:

	As at September 30, 2018	As at December 31, 2017
Less than 1 month	**$ 222,100**	$ 58,823
1 to 3 months	**188**	2,754
Greater than 3 months	**37,461**	74,687
Total amounts payable and other liabilities	**$ 259,749**	$ 136,264

9. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2016	**17,837,506**	**$ 1,822,930**
Private placements (i)	5,785,644	2,024,976
Warrant valuation (i)	-	(579,358)
Broker warrant valuation (i)	-	(108,725)
Share issue costs	-	(224,630)
Exercise of warrants	10,500	3,037
Balance, September 30, 2017	**23,633,650**	**$ 2,938,230**
Balance, December 31, 2017	**24,789,200**	**$ 3,446,473**
Private placements (ii)	9,341,886	3,269,659
Warrant valuation (ii)	-	(2,007,609)
Broker warrant valuation (ii)	-	(101,220)
Share issue costs	-	(178,761)
Shares issued pursuant to the Acquisition (note 3)	3,750,000	787,500
Balance, September 30, 2018	**37,881,086**	**$ 5,216,042**

(i) On April 21, 2017, the Company completed the first tranche of a brokered private placement of 3,739,288 units at a price of $0.35 per unit, for aggregate gross proceeds of $1,308,751. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.50 per warrant for a period of 18 months after the closing of this first tranche. The 1,869,642 warrants were valued at $378,517 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 150.13%; risk-free interest rate - 0.70%; and an expected life - 1.5 years.

9. Share capital (continued)

b) Common shares issued (continued)

(i) (continued) As consideration for the services provided for the first tranche, the agents received a cash commission equal to in the aggregate $117,788 and an aggregate of 336,535 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of $0.35 for a period of 18 months after the closing of the first tranche. The 336,535 compensation warrants were valued at $75,876 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 150.13%; risk-free interest rate - 0.70%; and an expected life - 1.5 years.

On June 2, 2017, the Company completed its second and final tranche of the brokered private placement of 2,046,356 units for gross proceeds of $716,225. 1,023,176 warrants were issued and valued at $200,841 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 145.49%; risk-free interest rate - 0.69%; and an expected life - 1.5 years.

As consideration for the services provided for the second and final tranche, the agents received cash commissions equal to the aggregate of $52,210 and an aggregate of 149,172 compensation warrants. The 149,172 compensation warrants were valued at $32,849 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 145.49%; risk-free interest rate - 0.69%; and an expected life - 1.5 years.

(ii) On February 23, 2018, Deveron completed the first tranche of a non-brokered private placement financing of 8,180,172 units at a price of $0.35 per unit for gross proceeds of $2,863,060. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.50 per common share for a period of 24 months from the date of closing of the financing. The 8,180,172 warrants were valued at $1,761,500 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 137.77%; risk-free interest rate - 1.78%; and an expected life - 2 years.

In connection with the closing of the financing, the Company paid finder's fees of $146,163 in cash and issued 417,610 non-transferable finder's warrants. Each finder warrant entitles the holder thereof to purchase one share at a price of $0.35 for a period of 24 months from the date of closing of the financing. The 417,610 finder warrants were valued at $91,805 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.33; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 137.77%; risk-free interest rate - 1.78%; and an expected life - 2 years.

On March 22, 2018, the Company completed its second and final tranche of the non-brokered private placement of 1,161,714 units for gross proceeds of $406,599. 1,161,714 warrants were issued and valued at $246,109 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 135.21%; risk-free interest rate - 1.82%; and an expected life - 2 years.

As consideration for the services provided for the second and final tranche, the Company paid finder's fees of $19,146 in cash and issued 54,702 non-transferable finder's warrants. Each finder warrant entitles the holder thereof to purchase one share at a price of $0.35 for a period of 24 months from the date of closing of the financing. The 54,702 finder warrants were valued at $9,415 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.275; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 135.21%; risk-free interest rate - 1.82%; and an expected life - 2 years.

(Expressed in Canadian Dollars)

9. Share capital (continued)

(c) Shares to be issued

During the nine months ended September 30, 2017, the acquisition agreement with Eagle Scout was amended to remove the additional payment shares consideration which resulted in a gain on debt settlement of $240,000 recorded in the unaudited condensed interim consolidated statement of comprehensive income (loss).

10. Stock options

The following table reflects the continuity of options for the periods ended September 30, 2018 and 2017:

	Number of options	Weighted average exercise price ($)
Balance, December 31, 2016	**1,500,000**	**0.25**
Expired	(50,000)	0.25
Balance, September 30, 2017	**1,450,000**	**0.25**
Balance, December 31, 2017	**3,960,000**	**0.35**
Granted (i)(ii)	800,000	0.37
Expired	(300,000)	0.37
Balance, September 30, 2018	**4,460,000**	**0.36**

(i) On January 5, 2018, the Company granted 300,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of $0.365 per share until November 22, 2022. A fair value of $65,036 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.255; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 136.50%; risk-free interest rate - 1.91%; and an expected life - 4.88 years. 25% of the options vested immediately with the balance vesting quarterly. During the three and nine months ended September 30, 2018, the 300,000 stock options were cancelled and $(26,205) and $32,518, respectively was expensed to share-based payments.

(ii) On January 19, 2018, the Company granted 500,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of $0.37 per share until April 19, 2019. A fair value of $99,047 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.37; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 129.35%; risk-free interest rate - 1.93%; and an expected life - 1.25 years. The options vest quarterly over one year. During the three and nine months ended September 30, 2018, $17,307 and $89,793, respectively was expensed to share-based payments.

(iii) The portion of the estimated fair value of options granted in the prior years and vested during the three and nine months ended September 30, 2018, amounted to $43,563 and $194,961, respectively (three and nine months ended September 30, 2017 - $nil).

(Expressed in Canadian Dollars)

10. Stock options (continued)

Details of the stock options outstanding as at September 30, 2018 are as follows:

Fair value ($)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
99,047	0.55	250,000	500,000	0.37	April 19, 2019
61,120	0.79	400,000	400,000	0.25	July 14, 2019
1,142,048	4.15	2,935,000	3,560,000	0.37	November 22, 2022
1,302,215	3.44	3,585,000	4,460,000	0.36	

11. Warrants

The following table reflects the continuity of warrants for the periods ended September 30, 2018 and 2017:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2016	**2,801,550**	**0.33**
Issued for private placements (note 9(b)(i))	3,378,525	0.48
Exercised	(10,500)	0.20
Balance, September 30, 2017	**6,169,575**	**0.41**
Balance, December 31, 2017	**6,039,025**	**0.41**
Issued for private placements (note 9(b)(ii))	9,814,198	0.49
Issued pursuant to the Acquisition (note 3)	937,500	0.50
Expired	(2,660,500)	0.33
Balance, September 30, 2018	**14,130,223**	**0.49**

The following table reflects the warrants issued and outstanding as of September 30, 2018:

Number of warrants outstanding	Fair value ($)	Exercise price ($)	Expiry date
1,869,642	378,517	0.50	October 21, 2018
336,535	75,876	0.35	October 21, 2018
1,023,176	200,841	0.50	December 2, 2018
149,172	32,849	0.35	December 2, 2018
8,180,172	1,761,500	0.50	February 23, 2020
417,610	91,805	0.35	February 23, 2020
1,161,714	246,109	0.50	March 22, 2020
54,702	9,415	0.35	March 22, 2020
937,500	95,714	0.50	September 14, 2020
14,130,223	2,892,626		

(Expressed in Canadian Dollars)

12. Net loss per common share

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Weighted average shares outstanding - basic	**34,781,493**	23,632,650	**32,367,307**	20,954,764
Dilutive effect of stock options and warrants	**-**	266,103	**23,737**	659,766
Weighted average shares outstanding - diluted	**34,781,493**	23,898,753	**32,391,044**	21,614,530

Basic and diluted income (loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the period.

13. Cost of services

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Salaries and benefits	**$ 78,915**	$ 42,808	**$ 110,086**	$ 74,352
Travel	**37,086**	21,740	**55,962**	30,012
Drone maintenance	**8,542**	11,815	**30,976**	11,815
Drone equipment	**1,049**	-	**12,415**	-
Consulting fees	**2,704**	-	**3,204**	-
Software	**1,123**	10,204	**3,093**	10,204
Processing fees	**-**	-	**908**	-
Training	**-**	-	**24**	-
Office and general	**-**	3,746	**-**	9,547
Drone data collection	**-**	-	**-**	2,339
Cost of services	**$ 129,419**	$ 90,313	**$ 216,668**	$ 138,269

14. Major shareholder and related party transactions

Major shareholder

At September 30, 2018, Greencastle owned and/or exercised control over 8,524,505 common shares (December 31, 2017 - 8,329,005 common shares) of Deveron, representing approximately 22.5% (December 31, 2017 - 33.6%) of the issued and outstanding common shares of the Company. The remaining 77.5% (December 31, 2017 - 66.4%) of the shares are widely held, which includes various small holdings which are owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

The Company's major shareholder does not have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than Greencastle, which owns or controls, directly or indirectly, approximately 22.5% (December 31, 2017 - 33.6%) of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

14. Major shareholder and related party transactions (continued)

Related party transactions

During the three and nine months ended September 30, 2018, the Company incurred professional fees of $7,443 and $22,473, respectively (three and nine months ended September 30, 2017 - $7,469 and $22,858, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer of Deveron. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2018, Marrelli Support is owed $2,938 (December 31, 2017 - $9,080) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2018, the Company incurred professional fees of $4,522 and $11,494, respectively (three and nine months ended September 30, 2017 - $6,032 and $12,804, respectively) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2018, DSA is owed $1,900 (December 31, 2017 - $1,550) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2018, the Company also incurred legal fees of $6,068 and $38,568, respectively (three and nine months ended September 30, 2017 - $44,343 and $82,671, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the September 30, 2018 amounts payable and other liabilities is $6,347 due to Irwin Lowy LLP (December 31, 2017 - $7,236).

During the three and nine months ended September 30, 2018, salaries and benefits of $45,000 and $117,500, respectively (three and nine months ended September 30, 2017 - $27,500 and $102,500, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the September 30, 2018 amounts payable and other liabilities is $4,500 due to the CEO and director of the Company (December 31, 2017 - $491).

During the three and nine months ended September 30, 2018, salaries and benefits of $9,375 and $28,125, respectively (three and nine months ended September 30, 2017 - $nil) were paid to a director of Deveron.

During the three and nine months ended September 30, 2018, salaries and benefits of $nil (three and nine months ended September 30, 2017 - $7,500) were paid to a director of its parent company, Greencastle.

During the three and nine months ended September 30, 2018, director fees of $5,625 and $16,875, respectively (three and nine months ended September 30, 2017 - $nil) were paid to directors of the Company.

Greencastle loaned Deveron $500,000 which bears interest at prime plus 5.3% and is due on demand. As security for the loans, Deveron granted Greencastle a security interest over all assets of the Company. The carrying value of all the assets are $5,789,260, being the value of cash and cash equivalents, amounts receivable and other assets, property, plant and equipment, long-term investments and goodwill. Included in due to related party as at September 30, 2018 is $500,000 due to Greencastle (December 31, 2017 - $500,000). For the three and nine months ended September 30, 2018, interest of $11,027 and $32,664, respectively (three and nine months ended September 30, 2017 - $10,438 and $30,274, respectively) was recorded and included in interest expense in the unaudited condensed interim consolidated statements of comprehensive income (loss). Included in September 30, 2018 amounts payable and other liabilities is $11,027 due to Greencastle (December 31, 2017 - $10,712) for interest payable. Subsequent to September 30, 2018, Deveron repaid in full the $500,000 loan to Greencastle (refer to note 16(i)).

(Expressed in Canadian Dollars)

14. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the three and nine months ended September 30, 2018, the Company incurred rent expense of $7,500 and $22,500, respectively (three and nine months ended September 30, 2017 - $7,500 and $22,500, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive income (loss). Included in September 30, 2018 amounts payable and other liabilities is $8,475 due to Greencastle (December 31, 2017 - $8,475) for rent payable.

During the three and nine months ended September 30, 2018, the Company incurred consulting expense of $nil (three and nine months ended September 30, 2017 - $nil and $175,000, respectively) to Greencastle which is included in consulting fees in the unaudited condensed interim consolidated statements of comprehensive income (loss). These fees are related to Greencastle providing an option to purchase one million shares of the Company at $0.30 to the Head - UAS Agriculture of the Company.

In connection with the second tranche completed on June 2, 2017 (refer to note 9(b)(i)), the following transaction occurred:

- Greencastle subscribed for 500,000 units of the Company.

15. Segmented information

As at September 30, 2018, the Company's operations comprise one reporting operating segment: drone data services in Canada and in the USA. Segmented information on a geographic basis is as follows:

Operating segment	USA	Canada	Total
As at September 30, 2018			
Current assets	$ 20,794	$ 4,203,732	$ 4,224,526
Non-current assets	-	1,564,734	1,564,734
Revenues	82,911	184,134	267,045
Cost of services	162,299	54,369	216,668
Operating expenses	-	996,991	996,991
As at December 31, 2017			
Current assets	$ -	$ 1,450,475	$ 1,450,475
Non-current assets	-	856,046	856,046

16. Events after the reporting period

(i) On October 2, 2018, Deveron repaid in full the $500,000 loan to Greencastle (refer to note 14).

(ii) On October 21, 2018, 1,869,642 warrants with an exercise price of $0.50 expired unexercised.

(iii) On October 21, 2018, 336,535 warrants with an exercise price of $0.35 expired unexercised.

(iv) On November 14, 2018, the Company announced a new product offering geared towards an innovative, cost-effective approach to sampling soil across North American farms. The product offering will use high-resolution in-season imagery data collected by UAV to drive and create site specific soil sampling points on farms. This collection method uses science, data and analytics to plan and target optimum soil sampling points across the 400 million acres of farmland in North America.