DEVERON UAS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Deveron UAS Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Deveron UAS Corp. (the Company), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern
We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive loss of $1,937,398 during the year ended December 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the management's discussion and analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Pat Kenney.

Clearhouse LLP

Chartered Professional Accountants
Licensed Public Accountants

Mississauga, Ontario
April 21, 2020

DEVERON UAS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,277,904**	$ 2,923,191
Accounts receivable and other assets (note 9)	**745,559**	436,685
Total current assets	**2,023,463**	3,359,876
Non-current assets		
Property, plant and equipment (note 10)	**113,647**	85,278
Right-of-use assets (note 11)	**290,990**	29,155
Goodwill (note 7)	**1,427,307**	1,427,307
Total non-current assets	**1,831,944**	1,541,740
Total assets	**$ 3,855,407**	$ 4,901,616
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 12 and 20)	**$ 428,061**	$ 386,469
Lease liabilities (note 13)	**92,700**	6,355
Total current liabilities	**520,761**	392,824
Non-current liabilities		
Lease liabilities (note 13)	**195,090**	22,624
Unearned revenue	**20,485**	-
Total liabilities	**736,336**	415,448
Shareholders' Equity		
Share capital (note 14(a)(b))	**5,288,542**	5,216,042
Reserves (notes 15 and 16)	**3,795,432**	3,457,798
Deficit	**(5,964,903)**	(4,187,672)
Total shareholders' equity	**3,119,071**	4,486,168
Total liabilities and shareholders' equity	**$ 3,855,407**	$ 4,901,616

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

Nature of operations and going concern (note 1)
Events after the reporting period (note 22)

DEVERON UAS CORP.

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenues		
Data collection	**$ 1,499,833**	$ 288,445
Data analytics	**555,604**	212,181
	2,055,437	500,626
Cost of services		
Cost of services (note 18)	**(843,407)**	(356,432)
Gross Margin	**1,212,030**	144,194
Operating expenses (income)		
Salaries and benefits (note 20)	**1,640,130**	668,822
Share-based payments (note 15)	**497,801**	356,731
Business development	**53,306**	261,277
Depreciation (notes 10 and 11)	**163,598**	231,034
Shareholder relations	**78,524**	214,380
Office and general	**393,437**	214,386
Bad debts	**133,040**	-
Professional fees (note 20)	**112,487**	103,880
Travel	**103,922**	87,670
Equipment maintenance	**7,764**	41,568
Interest expense (notes 13 and 20)	**17,070**	37,332
Interest Income	**(39,718)**	(36,339)
Gain on long-term investment	**-**	(507,131)
Gain on acquisition of Atlas (note 6)	**(11,933)**	-
	3,149,428	1,673,610
Loss for the period from continuing operations	**(1,937,398)**	(1,529,416)
Income for the period from discontinued operations	**-**	50,000
Total comprehensive loss for the year	**$ (1,937,398)**	$ (1,479,416)
Net loss per common share - continuing operations (note 17)		
- basic	**$ (0.05)**	$ (0.04)
- diluted	**$ (0.05)**	$ (0.04)
Net loss income per common share - discontinuing operations (note 17)		
- basic	**$ 0.00**	$ 0.00
- diluted	**$ 0.00**	$ 0.00
Basic and diluted net loss per common share (note 17)	**$ (0.05)**	$ (0.04)

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

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities		
Net loss for the year	**$ (1,937,398)**	$ (1,479,416)
Depreciation (notes 10 and 11)	**163,598**	231,034
Share-based payments (note 15)	**497,801**	356,731
Interest expense (notes 13 and 20)	**14,616**	1,026
Gain on long-term investment	**-**	(507,131)
Gain on acquisition of Atlas (note 6)	**(11,933)**	-
Net income from discontinued operations (note 8)	**-**	(50,000)
Changes in non-cash working capital items:		
Amounts receivable and other assets	**(297,187)**	370,057
Amounts payable and other liabilities	**41,592**	69,230
Deferred revenue	**20,485**	(35,516)
Lease payments	**(83,008)**	(1,447)
Net cash used in operating activities	**(1,591,434)**	(1,045,432)
Investing activities		
Purchase of property, plant and equipment (note 10)	**(126,599)**	(48,453)
Cash payment for the Acquisition	**-**	(320,000)
Proceeds from long-term investment	**-**	507,132
Net cash (used in) provided by investing activities	**(126,599)**	138,679
Financing activities		
Cash acquired from the Transaction and from the Acquisition (notes 6 and 7)	**72,746**	41,177
Repayment to related party (note 20)	**-**	(500,000)
Issue of common shares for private placements (note 14)	**-**	3,269,659
Share issue costs	**-**	(178,761)
Net cash provided by financing activities	**72,746**	2,632,075
Net change in cash and cash equivalents	**(1,645,287)**	1,725,322
Net change in cash from discontinued operations	**-**	50,000
Cash and cash equivalents, beginning of year	**2,923,191**	1,147,869
Cash and cash equivalents, end of year	**$ 1,277,904**	$ 2,923,191
Cash	**$ 217,864**	$ 909,747
Cash equivalents	**1,060,040**	2,013,444
Cash and cash equivalents	**$ 1,277,904**	$ 2,923,191

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

DEVERON UAS CORP.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital	Reserves: Warrants	Reserves: Share-based payments	Deficit	Total
Balance, December 31, 2017	**$ 3,446,473**	**$ 935,904**	**$ 929,042**	**$ (3,676,678)**	**$ 1,634,741**
Common shares issued for private placements (note 14(b)(i))	3,269,659	-	-	-	3,269,659
Warrants issued for private placements (note 14(b)(i))	(2,007,609)	2,007,609	-	-	-
Share issue costs (note 14(b)(i)(ii))	(279,981)	101,220	-	-	(178,761)
Common shares to be issued pursuant to the Acquisition (note 7)	787,500	-	-	-	787,500
Warrants issued pursuant to the Acquisition (note 7)	-	95,714	-	-	95,714
Warrants expired	-	(935,904)	-	935,904	-
Stock options expired	-	-	(32,518)	32,518	-
Share-based payments (note 15(i)(ii)(iv)(v)(vi))	-	-	356,731	-	356,731
Net loss for the year	-	-	-	(1,479,416)	(1,479,416)
Balance, December 31, 2018	**$ 5,216,042**	**$ 2,204,543**	**$ 1,253,255**	**$ (4,187,672)**	**$ 4,486,168**
Common shares issued pursuant to the Transaction (note 6)	72,500	-	-	-	72,500
Stock options expired	-	-	(160,167)	160,167	-
Share-based payments	-	-	497,801	-	497,801
Net loss for the year	-	-	-	(1,937,398)	(1,937,398)
Balance, December 31, 2019	**$ 5,288,542**	**$ 2,204,543**	**$ 1,590,889**	**$ (5,964,903)**	**$ 3,119,071**

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

1. Nature of business and going concern

Deveron UAS Corp. ("Deveron" or the "Company") was incorporated under the laws of the Province of Ontario on March 28, 2011. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1. On July 19, 2016, Deveron's common shares started trading on the Canadian Securities Exchange ("CSE") under the symbol "DVR".

Deveron is an agriculture technology company focused on providing data acquisition services and data analytics to the farming sector in North America. Through its network of drone pilots and soil sampling technicians, the Company is providing scalable data acquisition solutions in the imagery and soil space. Additionally, through its wholly-owned subsidiary Veritas Farm Management Inc. ("Veritas") (which was acquired on September 14, 2018), the Company provides growers in North America with independent data insight on the data it collects and is being generated on today's farm.

As at December 31, 2019, 27.7% 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.

On September 6, 2019, the Company completed the acquisition of Atlas, Team LLC ("Atlas") (refer to note 6).

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and, therefore be required to realized its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in these consolidated financial statements.

As at December 31, 2019, the Company had an accumulated deficit of $5,964,903 (December 31, 2018 - $4,187,672). Comprehensive loss for the year ended December 31, 2019 was $1,937,398 (year ended December 31, 2018 - $1,479,416). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

The Company has raised funds throughout the prior and subsequent year end and has utilized these funds for non-current asset investments and working capital requirements. The ability of the Company to arrange additional financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company, nor achieve desired sales growth. If additional financing is raised by the issuance of common shares from treasury of the Company, control of the Company may change and existing shareholders may have their ownership diluted. If adequate funding is not available, the Company may be required to relinquish rights to certain of its assets and/or terminate its operations.

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2019. The policies set out below are based on IFRS issued and outstanding as of April 17, 2020, the date of the Directors approved the statements.

2. Significant accounting policies (continued)

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(r).

(c) Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(e) Financial instruments

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 consolidated financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, 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 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

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

The accounting for these instruments and the line item in which they are included in the 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 has been updated as follows:

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.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

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 unearned revenue do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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.

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 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.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and with a Canadian chartered bank and short-term investments with an original maturity of 90 days or less.

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

2. Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of comprehensive loss.

Depreciation is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Amortization rate
Computer equipment	3.33 years
Drone	2 years
Vehicles	3.33 years

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The recoverable amount is the higher of fair value less disposal costs and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the pre-tax time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statements of loss

(h) Long-term investments

Long-term investments are designated as financial assets under the category of FVTPL. These investments are recognized and measured as described in financial instrument policy above.

(i) Impairment of goodwill

Goodwill is tested for impairment at the cash-generating unit ("CGU") level annually or more frequently if events or circumstances suggest that there may be impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. A write-down is recognized if the recoverable amount of the CGU, determined as the greater of the estimated fair value less costs to sell or its value-in-use, is less than the carrying value. Any impairment of goodwill is expensed in the period in which the impairment is identified. Impairment losses relating to goodwill are not reversed if there is a subsequent recovery in value of the CGU.

(j) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

2. Significant accounting policies (continued)

(j) Income taxes (continued)

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(l) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

(m) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company generates revenue by providing Canadian and United States enterprises drone data services to agriculture. Revenue generated from data analytics are based on digital recommendations and data interpretations and may lead to improved efficiencies in inputs or outcomes. Revenue generated from data collection, such as soil sampling, drone data etc., is based on the collection of on-farm data through the Company's network of soil sampling, drone and data technicians.

2. Significant accounting policies (continued)

(m) Revenue recognition (continued)

Revenue generated from providing data services is recognized as revenue in the period in which the data is delivered. At this point the company has no further performance obligations to the client. Where payment is received in advance of delivering the data, the amount received is recognized as deferred revenue.

(n) Leases and right-of-use assets

The Company has early adopted IFRS 16 – Leases, which is effective for annual reporting periods beginning on or after January 1, 2019. Previously, the Company classified leases as operating or finance leases based on IAS 17 - Leases.

The Company has applied IFRS 16 in accordance with the modified retrospective approach only to contracts that were previously identified as leases. Contracts that were not identified as leases under previous standards were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2018. The Company has determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard. The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

(o) Discontinued operations

A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes, and the value of this component is expected to be recovered primarily through sale rather than continuing use.

Results of operations and any gain of loss form disposal are excluded from income from continuing operations and are reported separately as income/loss from discontinued operations.

2. Significant accounting policies (continued)

(p) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years.

(q) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(r) Critical accounting estimates and judgments

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

i) Critical accounting estimates

Recovery of accounts receivable - the Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

Impairment of property, plant and equipment and right-of-use assets - assessing whether indicators of impairment exist at reporting period ends and, if required, determining recoverable amounts including assumptions and inputs thereto.

Impairment of goodwill - goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. The recoverable value of a cash-generating unit ("CGU") is determined from internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates, discount rates and terminal multiples. Management is required to use judgment in estimating the recoverable value of a CGU or a group of CGUs. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable.

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including the forfeiture rate and expected life of the instruments.

2. Significant accounting policies (continued)

(r) Critical accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

Property, plant and equipment and right-of-use assets - management is required to estimate the useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

ii) Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

3. Capital risk management

The Company includes equity, comprising issued share capital, shares to be issued, reserves and deficit, in the definition of capital, which as at December 31, 2019, totaled an equity of $3,119,071 (December 31, 2018 - $4,486,168).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development costs and devote resources to identifying and commercializing new services. To secure the additional capital necessary to continue with its operating and research and development activities, the Company may attempt to raise additional funds through the issuance of debt or equity.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's objective, process, policies and approach to capital management during the year ended December 31, 2019 and 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

4. Financial instruments and risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

4. Financial instruments and risk factors (continued)

(i) Credit risk (continued)

Amounts receivable consists of sales tax receivable from government authorities in Canada and trades receivable. Sales tax receivable are in good standing as of December 31, 2019. Management believes that the credit risk with respect to these amounts receivable is minimal. As at December 31, 2019, the provision for amounts receivable is $145,846 (December 31, 2018 - $12,806).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2019, the Company had cash of $1,277,904 (December 31, 2018 - $2,923,191) to settle current liabilities of $520,761 (December 31, 2018 - $392,824). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms except for the amount due to related party which bears interest at prime plus two percent and is due on demand. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity market. Negative trends in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing or shareholder loans from Greencastle, if and when required, will be available or on terms acceptable to the Company.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

(a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. As at December 31, 2019, the Company did not have any surplus cash in high yield savings accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. The Company is not exposed to interest rate risk.

(b) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar. Certain of the Company's revenues and expenses are incurred in USD and are therefore subject to gains and losses due to fluctuations against the functional currency.

(c) Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

4. Financial instruments and risk factors (continued)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and amounts receivable and amounts payable and other liabilities that are denominated in USD. As at December 31, 2019, had the USD weakened/strengthened by 10% against the CAD with all other variables held constant, the Company's consolidated statements of comprehensive loss for the year ended December 31, 2019 would have been approximately $33,540 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at December 31, 2019, shareholders' equity would have been approximately $33,540 higher/lower had the USD weakened/strengthened by 10% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

5. Fair value measurements

Fair value is the price that would be received to dispose of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

As at December 31, 2019	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Aggregate fair value**
Cash and cash equivalents	$ 1,277,904	$ -	$ -	$ 1,277,904
As at December 31, 2018				
Cash and cash equivalents	$ 2,923,191	$ -	$ -	$ 2,923,191

(Expressed in Canadian Dollars)

5. Fair value measurements (continued)

(b) Categories of financial instruments:

As at December 31,	**2019**	**2018**
	Carrying amount	**Carrying amount**
Financial assets:		
Cash and cash equivalents	**$ 1,277,904**	$ 2,923,191
Amounts receivable	**745,559**	436,685
	$ 2,023,463	$ 3,359,876
Financial liabilities:		
Amounts payable, other liabilities and unearned revenue	**$ 428,061**	$ 386,469
	$ 428,061	$ 386,469

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's amounts receivable, amounts payable and other liabilities and due to related party is close to fair value due to their short-term maturity.

6. Acquisition of Atlas

On August 16, 2019, the Company entered into a membership interests purchase agreement (the "Purchase Agreement") with Atlas Team LLC ("Atlas") to acquire all the issued and outstanding shares of Atlas. Atlas is an agricultural supply company which provides remote sensing and precision agriculture data aggregation and analytic services in the United States.

On September 6, 2019, the Company acquired all of the issued and outstanding shares of Atlas pursuant to the terms of the Purchase Agreement (the "Transaction"). As a result, Atlas is a wholly-owned subsidiary of the Company and Deveron owns 100% of the Atlas shares and its assets. Pursuant to the Purchase Agreement, the Company issued an aggregate of 250,000 common shares in the capital of the Company. Under the terms of the Purchase Agreement, the common shares will be released from escrow in three tranches on an annual basis, commencing on the first anniversary of the Transaction date. The common shares are subject to a statutory hold period of four months and one day from the date of issuance and the resale rules of applicable securities legislation.

The allocation of the purchase price is as follows:

Purchase price allocation	
Issuance of common shares (i)	$ 72,500
Total consideration	$ 72,500

Allocation of purchase price	
Cash	$ 72,746
Amounts receivable and other assets	14,642
Amounts payable and other liabilities	(2,955)
Gain on acquisition of Atlas	(11,933)
Atlas net assets received	$ 72,500

(i) For the purpose of determining the value of the purchase price consideration, the 250,000 common shares were valued at $0.29 per share based on Deveron's closing price as of September 5, 2019.

(Expressed in Canadian Dollars)

7. 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 Farm Business Management Inc ("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)
Atlas 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 paid $109,719 to Veritas, which is the sum equal to 50% of the earnings of Veritas during the Earn-Out-Period.

(iv) The net loss of Veritas since the acquisition date (September 14, 2018) to December 31, 2018 included in the consolidated statement of comprehensive loss is $153,230.

(Expressed in Canadian Dollars)

7. Acquisition of Veritas (continued)

Goodwill is not amortized. However, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. When testing goodwill, the carrying value of goodwill is compared with their respective recoverable amounts (higher of fair value less costs of disposal and value in use) and an impairment loss, if any, is recognized for the excess.

During the impairment testing process as at December 31, 2019 and 2018, there was no impairment recognized.

8. 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 December 30, 2019 and December 31, 2018.

Discontinued operations for the periods presented include:

	Year Ended December 31,	
Statement of Comprehensive (Loss) Income	**2019**	**2018**
Property option revenue (i)	**$ -**	$ 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.

9. Amounts receivable and other assets

	As at December 31, 2019	**As at December 31, 2018**
Sales tax receivable - (Canada) (i)	**$ 29,936**	$ 10,283
Account receivable - data service revenue	**668,959**	380,463
Distributions	**32,470**	-
Prepaids	**14,194**	45,939
	$ 745,559	$ 436,685

(i) Sales tax receivable is not past due.

(Expressed in Canadian Dollars)

9. Amounts receivable and other assets (continued)

The following is an aged analysis of the amounts receivable and other assets:

	As at December 31, 2019	As at December 31, 2018
Less than 1 month	**$ 330,371**	$ 311,293
1 to 3 months	**176,956**	19,646
Greater than 3 months	**238,232**	105,746
Total amounts receivable and other assets	**$ 745,559**	$ 436,685

10. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2017	**$ 52,458**	**$ 394,339**	**$ -**	**$ 446,797**
Additions	9,686	38,767	-	48,453
Additions pursuant to the Acquisition (note 6)	11,910	-	12,400	24,310
Balance, December 31, 2018	**$ 74,054**	**$ 433,106**	**$ 12,400**	**$ 519,560**
Additions	55,601	49,117	21,881	126,599
Balance, December 31, 2019	**$ 129,655**	**$ 482,223**	**$ 34,281**	**$ 646,159**

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2017	**$ 14,656**	**$ 188,837**	**$ -**	**$ 203,493**
Depreciation	18,761	210,168	1,860	230,789
Balance, December 31, 2018	**$ 33,417**	**$ 399,005**	**$ 1,860**	**$ 434,282**
Depreciation	38,337	54,392	5,501	98,230
Balance, December 31, 2019	**$ 71,754**	**$ 453,397**	**$ 7,361**	**$ 532,512**

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	**$ 40,637**	**$ 34,101**	**$ 10,540**	**$ 85,278**
Balance, December 31, 2019	**$ 57,901**	**$ 28,826**	**$ 26,920**	**$ 113,647**

11. Right-of-use assets

	Vehicles	Office space	Total
Balance, January 1, 2018	$ -	$ -	**$ -**
Additions	29,400	-	29,400
Depreciation	(245)	-	(245)
Balance, December 31, 2018	$ 29,155	$ -	**$ 29,155**

(Expressed in Canadian Dollars)

11. Right-of-use assets (continued)

	Vehicles	Office space	Total
Balance, January 1, 2019	$ 29,155	$ -	**$ 29,155**
Additions	202,427	124,776	327,203
Depreciation	(49,771)	(15,597)	(65,368)
Balance, December 31, 2019	$ 181,811	$ 109,179	**$ 290,990**

Vehicles are depreciate over 36 months. Office spaces are depreciated over 72 months.

12. 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 December 31, 2019	As at December 31, 2018
Amounts payable	**$ 341,613**	$ 218,156
Accrued liabilities	**54,745**	168,313
Sales tax payable - (Canada)	**31,703**	-
Total amounts payable and other liabilities	**$ 428,061**	$ 386,469

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

	As at December 31, 2019	As at December 31, 2018
Less than 1 month	**$ 283,324**	$ 350,674
1 to 3 months	**32,972**	697
Greater than 3 months	**111,765**	35,098
Total amounts payable and other liabilities	**$ 428,061**	$ 386,469

13. Lease liabilities

As at December 31,	2019
Balance, January 1, 2018	**$ -**
Additions	29,400
Interest expense	1,026
Lease payments	(1,447)
Balance, December 31, 2018	**$ 28,979**

(Expressed in Canadian Dollars)

13. Lease liabilities (continued)

As at December 31,		**2019**
Balance, January 1, 2019	**$**	**28,979**
Additions		327,203
Interest expense		14,616
Lease payments		(83,008)
Balance, December 31, 2019	**$**	**287,790**
Allocated as:		
Current	$	92,700
Long-term		195,090
Balance, December 31, 2019	**$**	**287,790**

On August 31, 2018, the Company entered into a thirty-six month lease agreement for new office space in Chatham, Ontario, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of $1,385. In addition to the base rent, the Company must pay its proportionate share of operating costs for the leased premises. The lease agreement includes an extension option for an additional thirty-six months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of thirty-six months). The lease payments are discounted using an interest rate of 13.95%, which are the Company's incremental borrowing rate in Canada. Effective interest rate is 14.88%.

14. 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, 2017	**24,789,200**	**$**	**3,446,473**
Private placements (i)	9,341,886		3,269,659
Warrant valuation (i)	-		(2,007,609)
Broker warrant valuation (i)(ii)	-		(101,220)
Share issue costs (i)(ii)	-		(178,761)
Shares issued pursuant to the Acquisition (note 7)	3,750,000		787,500
Balance, December 31, 2018	**37,881,086**	**$**	**5,216,042**
Balance, December 31, 2018	**37,881,086**	**$**	**5,216,042**
Shares issued pursuant to the Transaction (note 6)	250,000		72,500
Balance, December 31, 2019	**38,131,086**	**$**	**5,288,542**

14. Share capital (continued)

(i) 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.

(ii) 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.

15. Stock options

On June 7, 2017, the directors of the Company adopted the revised stock option plan (the "Stock Option Plan"). The purpose of the Stock Option Plan is to advance the interests of the Company and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company and to encourage and enable such persons to acquire and retain a proprietary interest in the Company through ownership of common shares.

The Stock Option Plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock Option Plan is 20% of the Company's issued and outstanding common shares, from time to time. The Stock Option Plan will provide that the Board may amend the Stock Option Plan without the approval of the shareholders, provided however, that the shareholders of the Company must approve any amendment to the Stock Option Plan which increases the fixed maximum percentage of common shares issuable pursuant to the Stock Option Plan. The Stock Option Plan also provides that disinterested shareholder approval will be required to amend the Stock Option Plan or an option which (i) reduces the exercise price of an option held by an insider; (ii) extends the term of an option held by an insider; (iii) permits common shares being issuable to insiders under the Stock Option Plan to exceed 10% of the outstanding common shares; or (iv) permits common shares being issuable to insiders within any one year period under the Stock Option Plan to exceed 10% of the outstanding common shares. Accordingly, for example, the Board may amend the terms of the Stock Option Plan concerning vesting terms, assignability of options, and the term and exercise price of options held by non-insiders. Unless not permitted by the applicable regulatory authorities, the Stock Option Plan will also provide that if any option may not be exercised due to a black-out period self-imposed by the Company, the term of such option may be extended to a date which expires ten (10) business days following the end of such black-out period, or alternatively, if an option may be exercised during the black-out period but the shares not resold, the period for completion of the exercise of the option may be extended for the same ten (10) business day period after the end of the black-out period.

(Expressed in Canadian Dollars)

15. Stock options (continued)

The Stock Option Plan will be administered by the Board, which shall have full and final authority with respect to the granting of all options thereunder. Options will be granted under the Stock Option Plan to directors, officers, employees or consultants of the Company. The exercise price of any options granted under the Stock Option Plan will be determined by the Board, but in no event will the price be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). The term of any options granted under the Stock Option Plan will be determined by the Board at the time of grant but, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the Stock Option Plan will not exceed five (5) years. Options granted under the Stock Option Plan will not be transferable or assignable except as permitted by the Stock Option Plan. Subject to certain exceptions, in the event that a director or officer ceases to hold office, vested options granted to such director or officer under the Stock Option Plan will expire ninety (90) days after such director or officer ceases to hold office. Subject to certain exceptions, in the event that an employee or consultant ceases to act in that capacity in relation to the Company, vested options granted to such employee or consultant under the Stock Option Plan will expire ninety (90) days after such individual or entity ceases to act in that capacity in relation to the Company. In the event of death of an option holder, vested options granted under the Stock Option Plan will expire on the earlier of one (1) year from the date of the death of the option holder or the date of the expiration of the term otherwise applicable to the option.

The following table reflects the continuity of options for the periods ended December 31, 2019 and 2018:

	Number of options	Weighted average exercise price ($)
Balance, December 31, 2017	**3,960,000**	**0.35**
Granted (i)(ii)	800,000	0.37
Expired	(300,000)	0.25
Balance, December 31, 2018	**4,460,000**	**0.36**
Balance, December 31, 2018	**4,460,000**	**0.36**
Granted (iii)(iv)(v)	3,235,000	0.30
Cancelled	(500,000)	0.37
Expired	(400,000)	0.25
Balance, December 31, 2019	**6,795,000**	**0.34**

(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 year ended December 31, 2018, the 300,000 stock options were cancelled. During the year ended December 31, 2019, $nil (year ended December 31, 2018 - $32,518) 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 year ended December 31, 2019, $1,289 (year ended December 31, 2018 - $97,758) was expensed to share-based payments. During the year ended December 31, 2019, the 500,000 stock options were cancelled.

(Expressed in Canadian Dollars)

15. Stock options (continued)

(iii) On March 25, 2019, the Company granted 2,575,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of $0.30 per share, will expire in three years from the issue date. A fair value of $458,152 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.24; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 130.52%; risk-free interest rate - 1.46% to 1.48%; and an expected life - 3 years to 3.67 years. The Company modified the expiry date of the options granted from March 2024 to various dates in 2022. During the year ended December 31, 2019, $371,699 (year ended December 31, 2018 - $nil) was expensed to share-based payments.

(iv) On July 1, 2019, the Company granted 500,000 stock options to an employee to the Company. The stock options, at a price of $0.30 per share, will expire in three and five years from the issue date. A fair value of $101,896 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.28; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 127.58%; risk-free interest rate - 1.52%; and an expected life - 3 years. The options vested immediately. During the year ended December 31, 2019, $101,896 (year ended December 31, 2018 - $nil) was expensed to share-based payments.

(v) On July 1, 2019, the Company granted 160,000 stock options to an advisor to the Company. The stock options, at a price of $0.375 per share, will expire on March 18, 2020. A fair value of $12,547 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.28; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 112.64%; risk-free interest rate - 1.52%; and an expected life - 0.72 year. The options vested immediately. During the year ended December 31, 2019, $12,547 (year ended December 31, 2018 - $nil) was expensed to share-based payments.

(vi) The portion of the estimated fair value of options granted in the prior years and vested during the year ended December 31, 2019, amounted to $11,659 (year ended December 31, 2018 - $194,961).

Details of the stock options outstanding as at December 31, 2019 are as follows:

Fair value ($)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
12,547	0.21	160,000	160,000	0.375	March 18, 2020
99,083	2.23	-	575,000	0.30	March 24, 2022
368,556	2.50	2,000,000	2,000,000	0.30	July 1, 2022
1,142,048	2.90	3,310,000	3,560,000	0.37	November 22, 2022
82,410	2.90	-	500,000	0.30	November 22, 2022
1,704,644	2.66	5,470,000	6,795,000	0.34	

16. Warrants

The following table reflects the continuity of warrants for the periods ended December 31, 2019 and 2018:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2017	**6,039,025**	**0.41**
Issued for private placements (note 14(b)(i)(ii))	9,814,198	0.49
Issued pursuant to the Acquisition (note 7)	937,500	0.40
Expired	(6,039,025)	0.33
Balance, December 31, 2018 and December 31, 2019	**10,751,698**	**0.49**

(Expressed in Canadian Dollars)

16. Warrants (continued)

The following table reflects the warrants issued and outstanding as of December 31, 2019:

Number of warrants outstanding	Fair value ($)	Exercise price ($)	Expiry date
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
10,751,698	2,204,543		

17. Net (loss) income per common share

	Year Ended December 31, 2019	Year Ended December 31, 2018
Weighted average shares outstanding - basic	**37,961,223**	33,772,653
Weighted average shares outstanding - diluted	**37,961,223**	33,772,653

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

18. Cost of services

	Year Ended December 31, 2019	Year Ended December 31, 2018
Agronomic services	**$ 509,815**	$ 63,931
Software	**122,048**	16,774
Office and general	**39,169**	2,418
Travel	**50,409**	74,243
Salaries and benefits	**99,738**	96,070
Drone equipment	**3,616**	39,219
Drone maintenance	**17,188**	-
Processing fees	**-**	1,531
Consulting fees	**-**	57,821
Training	**1,424**	4,425
Cost of services	**$ 843,407**	$ 356,432

19. Income tax

Current Income Tax Expense

The reported recovery of income taxes differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

(Expressed in Canadian Dollars)

19. Income tax (continued)

Current Income Tax Expense (continued)

	2019	2018
Loss before income tax	**$ (1,937,398)**	$ (1,479,416)
Combined statutory tax rate	**26.50%**	26.50%
Expected income tax recovery	**(513,410)**	(394,808)
Differences in depreciation and capital cost allowance	**(95,227)**	-
Non-deductible share based payment expense	**131,917**	-
Permanent differences	**2,718**	(322,894)
Tax benefits not recognized	**474,002**	717,702
Total tax recovery	**$ -**	$ -

Deferred Income Taxes

The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	December 31,	
Deductible (taxable) temporary differences	**2019**	**2018**
Tax loss carry-forwards	**$ 1,680,308**	$ 1,241,292
Non-current assets	**171,289**	111,857
Share issue costs and other	**55,299**	79,744
Deferred tax assets	**$ 1,906,896**	$ 1,432,893
Tax benefit not recognized	**(1,906,896)**	(1,432,893)
Net deferred tax assets	**$ -**	$ -

Loss Carryforwards

As at December 31, 2019, the Company has the unclaimed non-capital losses that expire as follows:

Expires	2031	$ 162,141
	2032	179,063
	2033	323,995
	2034	458,013
	2035	424,429
	2036	638,353
	2037	934,636
	2038	1,595,692
	2039	1,624,463
		$ 6,340,785

As at December 31, 2019, the Company has Canadian exploration and development of expenses of approximately $355,556, available indefinitely to offset future taxable income for income taxes purposes.

The potential benefit of these losses and deductible temporary differences in excess of the deferred tax liabilities have not been recognized in these financial statements as it is not considered probable that sufficient future tax profit will allow the deferred tax assets to be recovered.

20. Major shareholder and related party transactions

Major shareholder

At December 31, 2019, Greencastle owned and/or exercised control over 10,554,005 common shares (December 31, 2018 - 8,524,505 common shares) of Deveron, representing approximately 27.7% (December 31, 2018 - 22.5%) of the issued and outstanding common shares of the Company. The remaining 72.3% (December 31, 2018 - 77.5%) 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 27.7% (December 31, 2018 - 22.5%) 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.

Related party transactions

During the year ended December 31, 2019, the Company incurred professional fees of $32,627 (year ended December 31, 2018 - $36,016) 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 December 31, 2019, Marrelli Support is owed $2,659 (December 31, 2018 - $8,970) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2019, the Company incurred professional fees of $8,667 (year ended December 31, 2018 - $15,600) 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 December 31, 2019, DSA is owed $1,643 (December 31, 2018 - $824) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2019, the Company incurred professional fees of $5,821 (year ended December 31, 2018 - $38,682) to DSA Filing Services Limited ("Filing"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for reporting issuer filing services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, Filing is owed $588 (December 31, 2018 - $nil) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2019, the Company incurred professional fees of $384 (year ended December 31, 2018 - $nil) to Marrelli Press Release Services Limited ("Press Release"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for press release services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2019, Press Release is owed $316 (December 31, 2018 - $nil) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2019, the Company also incurred legal fees of $31,929 (year ended December 31, 2018 - $38,682) 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 December 31, 2019 amounts payable and other liabilities is $nil due to Irwin Lowy LLP (December 31, 2018 - $3,502).

(Expressed in Canadian Dollars)

20. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the year ended December 31, 2019, salaries and benefits of $200,000 (year ended December 31, 2018 - $162,500) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the December 31, 2019 amounts payable and other liabilities is $11,360 due to the CEO and director of the Company (December 31, 2018 - $12,811).

During the year ended December 31, 2019, salaries and benefits of $47,500 (year ended December 31, 2018 - $nil) were paid to a director of its parent company, Greencastle.

During the year ended December 31, 2019, salaries and benefits of $22,500 (year ended December 31, 2018 - $30,000) were paid to directors of the Company.

During the year ended December 31, 2019, interest of $nil (year ended December 31, 2018 - $32,664) was paid to Greencastle and included in interest expense in the consolidated statements of comprehensive (loss) income.

During the year ended December 31, 2019, the Company incurred rent expense of $24,350 (year ended December 31, 2018 - $30,000) to Greencastle which is included in office and general in the consolidated financial statements of comprehensive (loss) income.

During the year ended December 31, 2019, the Company incurred corporate advisory service expense of $9,000 (year ended December 31, 2018 - $nil) to Greencastle which is included in office and general in the consolidated statements of comprehensive (loss) income.

Included in December 31, 2019 amounts payable and other liabilities is $nil due to Greencastle (December 31, 2018 - $7,500) for rent and corporate advisory services payable.

During the year ended December 31, 2019, the Company incurred expenses of $177,773 (year ended December 31, 2018 - $nil) of share-based payment expense for stock options and warrants issued to certain Company officer's, directors and key management personnel.

21. Segmented information

As at December 31, 2019, 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 December 31, 2019			
Current assets	$ 255,935	$ 1,767,528	$ 2,023,463
Non-current assets	-	1,831,944	1,831,944
Revenues	462,850	1,592,587	2,055,437
Cost of services	-	843,407	843,407
Operating expenses	241,095	2,908,333	3,149,428
As at December 31, 2018			
Current assets	$ 36,474	$ 3,323,402	$ 3,359,876
Non-current assets	-	1,541,740	1,541,740
Revenues	104,711	395,915	500,626
Cost of services	208,124	148,308	356,432
Operating expenses	-	1,673,610	1,673,610

22. Events after the reporting period

(i) On January 7, 2020, the Company and agriculture retailer Huron Tractor Limited ("Huron Tractor"), jointly announced a collaborative initiative between Huron Tractor and Veritas. This joint initiative is bringing value to shared customers for seven years through delivery of variable rate prescriptions.

(ii) On February 23, 2020, 8,180,172 warrants with an exercise price of $0.50 expired unexercised.

(iii) On February 23, 2020, 417,610 warrants with an exercise price of $0.35 expired unexercised.

(iv) On March 22, 2020, 1,161,714 warrants with an exercise price of $0.50 expired unexercised.

(v) On March 18, 2020, 160,000 stock options with an exercise price of $0.38 expired unexercised.

(vi) On March 22, 2020, 54,702 warrants with an exercise price of $0.35 expired unexercised.

(vii) On April 7, 2020, the Company announced the closing of a non-brokered private placement ("offering") of units ("Units") with a group of strategic investors led by Bill Linton. The Offering was completed at a price of $0.10 per Unit for gross proceeds of $655,000 and a total of 6,550,000 Units issued.

(viii) On April 17, 2020, the Company announced the closing of a second and final tranche of a non-brokered private placement ("offering") of units ("Units") with a group of strategic investors. The final tranche was completed at a price of $0.10 per Unit for gross proceeds of $700,000 and a total of 7,000,000 Units issued. Deveron issued a total of 13,550,000 Units for aggregate gross proceeds of $1,355,000 in connection with the Offering.

(ix) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.