
DEVERON UAS CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2020
(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 June 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,744,481	\$ 1,277,904
Accounts receivable and other assets (note 4)	803,165	745,559
Total current assets	2,547,646	2,023,463
Non-current assets		
Property, plant and equipment (note 5)	118,413	113,647
Right-of-use assets (note 6)	257,630	290,990
Goodwill (note 3)	1,867,305	1,427,307
Total non-current assets	2,243,348	1,831,944
Total assets	\$ 4,790,994	\$ 3,855,407
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 7 and 15)	\$ 392,360	\$ 428,061
Lease liabilities (note 9)	99,396	92,700
Total current liabilities	491,756	520,761
Non-current liabilities		
Lease liabilities (note 9)	156,191	195,090
Loans payable (note 8)	107,050	-
Unearned revenue	22,371	20,485
Total liabilities	777,368	736,336
Shareholders' Equity		
Share capital (note 10(a)(b))	6,124,025	5,288,542
Reserves (notes 11 and 12)	1,906,585	3,795,432
Deficit	(4,016,984)	(5,964,903)
Total shareholders' equity	4,013,626	3,119,071
Total liabilities and shareholders' equity	\$ 4,790,994	\$ 3,855,407

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

Nature of operations and going concern (note 1)

Event after the reporting period (note 17)

DEVERON UAS CORP.**Condensed Interim Consolidated Statements of Comprehensive Income (Loss)****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues				
Data collection	\$ 499,612	\$ 428,231	\$ 639,398	\$ 431,563
Data analytics	624,255	299,742	767,889	396,974
	1,123,867	727,973	1,407,287	828,537
Cost of services				
Cost of services (note 14)	(198,236)	(219,915)	(301,444)	(250,646)
Gross Margin	925,631	508,058	1,105,843	577,891
Operating expenses (income)				
Salaries and benefits (note 15)	469,047	372,404	866,680	774,387
Office and general	152,900	103,088	307,348	199,759
Depreciation (notes 5 and 6)	55,622	18,330	106,090	76,947
Share-based payments (note 11)	12,293	48,620	81,939	340,583
Professional fees (note 15)	59,151	28,615	88,745	59,066
Business development	5,020	15,302	22,555	28,864
Travel	25,047	15,543	39,816	42,487
Interest expense (note 9)	(2,533)	3,987	10,158	8,002
Shareholder relations	26,607	14,937	38,819	54,904
Bad debts	45,464	-	45,464	-
Equipment maintenance	1,166	1,145	1,166	2,240
Gain on disposition of property, plant and equipment (note 5)	-	-	(1,720)	-
Interest Income	(376)	(12,246)	(8,657)	(24,762)
	849,408	609,725	1,598,403	1,562,477
Total comprehensive income (loss) for the period	\$ 76,223	\$ (101,667)	\$ (492,560)	\$ (984,586)
Basic and diluted net income (loss) per common share (note 13) - basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	49,898,024	37,881,086	44,111,802	37,881,086

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

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

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating activities		
Net loss for the period	\$ (492,560)	\$ (984,586)
Depreciation (notes 5 and 6)	106,090	76,947
Share-based payments (note 11)	81,939	340,583
Interest expense (note 9)	10,158	8,002
Gain on disposition of property, plant and equipment (note 5)	(1,720)	-
Bad debts	45,464	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	(56,102)	(87,789)
Inventory	14,088	-
Amounts payable and other liabilities	(405,680)	(110,652)
Unearned revenue	1,886	-
Lease payments	(58,294)	(36,365)
Net cash used in operating activities	(754,731)	(793,860)
Investing activities		
Cash payment for the acquisition of Better Harvest Inc. (note 3)	(229,515)	-
Purchase of property, plant and equipment (notes 3 and 5)	(1,443)	(77,288)
Proceeds from sale of property, plant and equipment (note 5)	16,458	-
Net cash provided by (used in) investing activities	(214,500)	(77,288)
Financing activities		
Cash acquired from the acquisition of Better Harvest Inc. (note 3)	23,582	-
Proceeds from loans payable (note 8)	107,050	-
Issue of common shares for private placements (note 10)	1,360,000	-
Share issue costs	(54,824)	-
Net cash provided by financing activities	1,435,808	-
Net change in cash and cash equivalents	466,577	(871,148)
Cash and cash equivalents, beginning of period	1,277,904	2,923,191
Cash and cash equivalents, end of period	\$ 1,744,481	\$ 2,052,043
Cash	\$ 1,093,532	\$ 163,825
Cash equivalents	650,949	1,888,218
Cash and cash equivalents	\$ 1,744,481	\$ 2,052,043

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

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

	Share Capital	Reserves			Total
		Warrants	Share-based payments	Deficit	
Balance, December 31, 2018	\$ 5,216,042	\$ 2,204,543	\$ 1,253,255	\$ (4,187,672)	\$ 4,486,168
Stock options expired	-	-	(99,047)	99,047	-
Share-based payments (note 11(i)(ii))	-	-	340,583	-	340,583
Net loss for the period	-	-	-	(984,586)	(984,586)
Balance, June 30, 2019	\$ 5,216,042	\$ 2,204,543	\$ 1,494,791	\$ (5,073,211)	\$ 3,842,165
Balance, December 31, 2019	\$ 5,288,542	\$ 2,204,543	\$ 1,590,889	\$ (5,964,903)	\$ 3,119,071
Issuance of common shares in private placement (note 10(b)(i)(ii))	1,360,000	-	-	-	1,360,000
Warrants issued (note 10(b)(i)(ii))	(433,318)	433,318	-	-	-
Share issue costs (note 10(b)(ii))	(91,199)	36,375	-	-	(54,824)
Stock options expired and cancelled	-	-	(331,650)	331,650	-
Share-based payments (note 11(i)(ii))	-	-	81,939	-	81,939
Expiry of warrants	-	(2,108,829)	-	2,108,829	-
Net loss for the period	-	-	-	(492,560)	(492,560)
Balance, June 30, 2020	\$ 6,124,025	\$ 565,407	\$ 1,341,178	\$ (4,016,984)	\$ 4,013,626

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

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2020 (Expressed in Canadian Dollars) (Unaudited)

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"), 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 June 30, 2020, 20.4% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle").

On September 6, 2019, the Company completed the acquisition of Atlas, Team LLC.

On May 11, 2020, the Company completed the acquisition of Better Harvest Inc. ("Better Harvest"). Refer to note 3.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Going concern

These unaudited condensed interim 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 unaudited condensed interim consolidated financial statements.

As at June 30, 2020, the Company had an accumulated deficit of \$4,016,984 (December 31, 2019 - \$5,964,903). Comprehensive loss for the six months ended June 30, 2020 was \$492,560 (six months ended June 30, 2019 - \$984,586). 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 current fiscal years 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.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2020 (Expressed in Canadian Dollars) (Unaudited)

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 August 21, 2020, 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, 2019, 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, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) *New accounting standards adopted*

IFRS 3, Business combinations (IFRS 3)

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of financial statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

3. Acquisition of Better Harvest

On May 11, 2020, the Company has acquired all the operating assets of Better Harvest, a Texas, United States based agronomy solutions business. Better Harvest provides unbiased agronomic advice, nitrogen management solutions and optimization of irrigation programs for over 100,000 acres of long-standing customers.

The allocation of the purchase price is as follows:

Purchase price allocation

Cash payment	\$	229,515
Additional cash payment accrued (i)		139,100
Total consideration	\$	368,615

Allocation of purchase price

Cash	\$	23,582
Amounts receivable and other assets		46,968
Inventory		14,088
Property, plant and equipment		74,864
Amounts payable and other liabilities		(230,885)
Goodwill		439,998
Better Harvest net assets received	\$	368,615

(i) A time based earn out of \$139,100 (US\$100,000) payable in equal annual payments over the following two years.

4. Amounts receivable and other assets

	As at June 30, 2020	As at December 31, 2019
Sales tax receivable - (Canada) (i)	\$ 22,746	\$ 29,936
Account receivable - data service revenue	624,937	668,959
Distributions	112,020	32,470
Prepays	43,462	14,194
	\$ 803,165	\$ 745,559

(i) Sales tax receivable is not past due.

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

	As at June 30, 2020	As at December 31, 2019
Less than 1 month	\$ 544,873	\$ 330,371
1 to 3 months	101,722	176,956
Greater than 3 months	156,570	238,232
Total amounts receivable and other assets	\$ 803,165	\$ 745,559

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

5. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2019	\$ 129,655	\$ 482,223	\$ 34,281	\$ 646,159
Additions	76,307	-	-	76,307
Dispositions	-	-	(15,939)	(15,939)
Balance, June 30, 2020	\$ 205,962	\$ 482,223	\$ 18,342	\$ 706,527

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2019	\$ 71,754	\$ 453,397	\$ 7,361	\$ 532,512
Disposition	-	-	(1,195)	(1,195)
Depreciation	25,171	26,484	5,142	56,797
Balance, June 30, 2020	\$ 96,925	\$ 479,881	\$ 11,308	\$ 588,114

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2019	\$ 57,901	\$ 28,826	\$ 26,920	\$ 113,647
Balance, June 30, 2020	\$ 109,037	\$ 2,342	\$ 7,034	\$ 118,413

During the six months ended June 30, 2020, the Company sold vehicles for cash proceeds of \$16,458 which resulted in a gain on disposition of property, plant and equipment of \$1,720.

6. Right-of-use assets

	Vehicles	Office space	Total
Balance, December 31, 2019	\$ 181,811	\$ 109,179	\$ 290,990
Additions	15,933	-	15,933
Depreciation	(38,895)	(10,398)	(49,293)
Balance, June 30, 2020	\$ 158,849	\$ 98,781	\$ 257,630

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

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended June 30, 2020 (Expressed in Canadian Dollars) (Unaudited)

7. 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 June 30, 2020	As at December 31, 2019
Amounts payable	\$ 324,952	\$ 341,613
Accrued liabilities	51,787	54,745
Sales tax payable - (Canada)	15,621	31,703
Total amounts payable and other liabilities	\$ 392,360	\$ 428,061

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

	As at June 30, 2020	As at December 31, 2019
Less than 1 month	\$ 202,421	\$ 283,324
1 to 3 months	103,944	32,972
Greater than 3 months	85,995	111,765
Total amounts payable and other liabilities	\$ 392,360	\$ 428,061

8. Loans payable

(i) During the period, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022 of which \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3- year term extension at an interest rate of 5% on the balance over the term extension period. The Company expects to pay the loan prior to December 31, 2022.

(ii) The Company applied for and received loan proceeds in the amount of \$67,050 (US\$49,200) ("PPP Funds") pursuant to the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in order to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Funds (the "PPP Loan") will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. The Company expects the PPP to be forgiven in full as it believes it will meet all the criteria to forgive the loan.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

9. Lease liabilities

Balance, December 31, 2019	\$ 287,790
Additions	15,933
Interest expense	10,158
Lease payments	(58,294)
Balance, June 30, 2020	\$ 255,587

Allocated as:

Current	\$ 99,396
Long-term	156,191
Balance, June 30, 2020	\$ 255,587

10. 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, 2018 and June 30, 2019	37,881,086	\$ 5,216,042
Balance, December 31, 2019	38,131,086	\$ 5,288,542
Private placements (i)(ii)	13,600,000	1,360,000
Warrant valuation (i)(ii)	-	(433,318)
Broker warrant valuation (ii)	-	(36,375)
Share issue costs	-	(54,824)
Balance, June 30, 2020	51,731,086	\$ 6,124,025

(i) On April 6, 2020, the Company closed of a non-brokered private placement of units ("Units"). 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. 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 \$0.20 per warrant for a period of 18 months after the closing of this first tranche. The 3,275,000 warrants were valued at \$128,031 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.12; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 99.83%; risk-free interest rate - 0.44%; and an expected life - 1.5 years.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

10. Share capital (continued)

b) Common shares issued

(ii) On April 16, 2020, the Company closed of a second and final tranche of a non-brokered private placement of Units. The final tranche was completed at a price of \$0.10 per Unit for gross proceeds of \$705,000 and a total of 7,050,000 Units issued. Deveron issued a total of 13,600,000 Units for aggregate gross proceeds of \$1,360,000 in connection with the offering. 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 \$0.20 per warrant for a period of 18 months after the closing of this second tranche. The 3,525,000 warrants were valued at \$305,287 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.19; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 102.043%; risk-free interest rate - 0.33%; and an expected life - 1.5 years.

As consideration for the services provided for the private placements, the agents received a cash commission equal to in the aggregate \$42,000 and an aggregate of 420,000 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 for a period of 18 months after the private placement. The 420,000 compensation warrants were valued at \$36,375 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.19; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 102.04%; risk-free interest rate - 0.33%; and an expected life - 1.5 years.

11. Stock options

The following table reflects the continuity of options for the periods ended June 30, 2020 and 2019:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2018	4,460,000	0.36
Granted (i)	2,575,000	0.30
Cancelled	(500,000)	0.37
Balance, June 30, 2019	6,535,000	0.32
Balance, December 31, 2019	6,795,000	0.34
Cancelled	(1,400,000)	0.32
Expired	(160,000)	0.38
Balance, June 30, 2020	5,235,000	0.34

(i) 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 and five 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 - \$0.37; 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 options vest over different period. During the three and six months ended June 30, 2020, \$12,293 and \$45,166, respectively (three and six months ended June 30, 2019 - \$34,016 and \$302,919, respectively) was expensed to share-based payments.

(ii) The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended June 30, 2020, amounted to \$nil and \$36,773, respectively (three and six months ended June 30, 2019 - \$14,604 and \$37,664, respectively).

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

11. Stock options (continued)

Details of the stock options outstanding as at June 30, 2020 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
74,168	1.73	167,500	575,000	0.30	March 24, 2022
177,773	2.00	1,000,000	1,000,000	0.30	July 1, 2022
1,013,728	2.40	3,160,000	3,160,000	0.37	November 22, 2022
75,509	2.40	250,000	500,000	0.30	November 22, 2022
1,341,178	2.25	4,577,500	5,235,000	0.34	

12. Warrants

The following table reflects the continuity of warrants for the periods ended June 30, 2020 and 2019:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018 and June 30, 2019	10,751,698	0.49
Balance, December 31, 2019	10,751,698	0.49
Issued for private placements (note 10(b)(i)(ii))	7,220,000	0.20
Expired	(9,814,198)	0.49
Balance, June 30, 2020	8,157,500	0.23

The following table reflects the warrants issued and outstanding as of June 30, 2020:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
937,500	95,714	0.50	September 14, 2020
3,275,000	128,031	0.20	October 6, 2021
3,945,000	341,662	0.20	October 16, 2021
8,157,500	565,407		

13. Net income (loss) per common share

The calculation of basic and diluted income (loss) per share for the three and six months ended June 30, 2020 was based on the loss attributable to common shareholders of \$76,223 and \$(492,560), respectively (three and six months ended June 30, 2019 - net loss of \$101,667 and \$984,586, respectively) and the weighted average number of common shares outstanding of 49,898,024 and 44,111,802 respectively (three and six months ended June 30, 2019 - 37,881,086 and 37,881,086 respectively). Diluted loss per share for the periods presented did not include the effect of 8,157,500 warrants (six months ended June 30, 2019 - 10,751,698 warrants) and 5,235,000 stock options (six months ended June 30, 2019 - 6,535,000 stock options) as they are anti-dilutive.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

14. Cost of services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Agronomic services	\$ 88,578	\$ 178,160	\$ 89,065	\$ 192,190
Software	46,736	16,898	121,599	25,064
Office and general	24,938	4,935	37,600	10,125
Travel	4,702	(1,941)	12,208	-
Salaries and benefits	-	(959)	-	-
Drone equipment	20,728	1,418	21,669	1,863
Drone maintenance	6,391	20,509	13,140	20,509
Processing fees	-	20	-	20
Consulting fees	5,167	-	5,167	-
Training	996	875	996	875
Cost of services	\$ 198,236	\$ 219,915	\$ 301,444	\$ 250,646

15. Major shareholder and related party transactions

Major shareholder

At June 30, 2020, Greencastle owned and/or exercised control over 10,554,005 common shares (December 31, 2019 - 10,554,005 common shares) of Deveron, representing approximately 20.4% (December 31, 2019 - 27.7%) of the issued and outstanding common shares of the Company. The remaining 79.6% (December 31, 2019 - 72.3%) 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 20.4% (December 31, 2019 - 27.7%) 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 three and six months ended June 30, 2020, the Company incurred professional fees of \$13,742 and \$21,510, respectively (three and six months ended June 30, 2019 - \$9,913 and \$18,238, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is Managing Director. 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 June 30, 2020, Marrelli Support is owed \$2,631 (December 31, 2019 - \$2,659) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2020, the Company incurred professional fees of \$2,271 and \$4,221, respectively (three and six months ended June 30, 2019 - \$1,308 and \$4,355, 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 June 30, 2020, DSA is owed \$735 (December 31, 2019 - \$1,643) and this amount is included in amounts payable and other liabilities.

DEVERON UAS CORP.

**Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)**

15. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the three and six months ended June 30, 2020, the Company incurred professional fees of \$4,723 and \$4,798 respectively (three and six months ended June 30, 2019 - \$2,225) 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 June 30, 2020, Filing is owed \$548 (December 31, 2019 - \$588) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2020, the Company incurred professional fees of \$1,728 and \$1,984, respectively (three and six months ended June 30, 2019 - \$992) 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 June 30, 2020, Press Release is owed \$nil (December 31, 2019 - \$316) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2020, the Company also incurred legal fees of \$18,481 and \$24,065, respectively (three and six months ended June 30, 2019 - \$4,163 and \$18,902, 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 June 30, 2020 amounts payable and other liabilities is \$6,957 due to Irwin Lowy LLP (December 31, 2019 - \$nil).

During the three and six months ended June 30, 2020, salaries and benefits of \$45,000 and \$120,000, respectively (three and six months ended June 30, 2019 - \$45,000 and \$110,000, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the June 30, 2020 amounts payable and other liabilities is \$nil due to the CEO and director of the Company (December 31, 2019 - \$11,360).

During the three and six months ended June 30, 2020, salaries and benefits of \$9,375 and \$18,750, respectively (three and six months ended June 30, 2019 - \$9,375 and \$28,750, respectively) were paid to a director of its parent company, Greencastle.

During the three and six months ended June 30, 2020, salaries and benefits of \$16,875 and \$22,500, respectively (three and six months ended June 30, 2019 - \$16,875 and \$22,500, respectively) were paid to directors of the Company.

During the three and six months ended June 30, 2020, the Company incurred rent expense of \$7,550 and \$22,950 respectively (three and six months ended June 30, 2019 - \$7,500 and \$15,000 respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive loss.

During the three and six months ended June 30, 2020, the Company incurred corporate advisory service expense of \$nil (three and six months ended June 30, 2019 - \$9,000 and \$18,000, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

Included in June 30, 2020 amounts payable and other liabilities is \$8,475 due to Greencastle (December 31, 2019 - \$nil) for rent payable.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020
(Expressed in Canadian Dollars)
(Unaudited)

16. Segmented information

As at June 30, 2020, 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 June 30, 2020			
Current assets	\$ 220,661	\$ 2,326,985	\$ 2,547,646
Non-current assets	-	2,243,348	2,243,348
Six Months Ended June 30, 2020			
Revenues	\$ 596,676	\$ 810,611	\$ 1,407,287
Cost of services	3	301,441	301,444
Operating expenses	240,467	1,357,936	1,598,403
As at December 31, 2019			
Current assets	\$ 255,935	\$ 1,767,528	\$ 2,023,463
Non-current assets	-	1,831,944	1,831,944
Six Months Ended June 30, 2019			
Revenues	\$ 158,086	\$ 670,451	\$ 828,537
Cost of services	-	250,646	250,646
Operating expenses	110,726	1,451,751	1,562,477

17. Event after the reporting period

On July 7, 2020, the Company announced that it will be collaborating with Terramera, a global AgTech leader, using drones and data across multiple sites throughout North America for the 2020 growing season. The project will provide Terramera access to the Company's turnkey drone data network.