
**DEVERON CORP.
(FORMERLY DEVERON UAS CORP.)
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Deveron Corp. (formerly 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 CORP. (Formerly Deveron UAS Corp.)**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****(Unaudited)**

	As at September 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,126,018	\$ 1,277,904
Accounts receivable and other assets (note 4)	932,457	745,559
Total current assets	2,058,475	2,023,463
Non-current assets		
Property, plant and equipment (note 5)	182,828	113,647
Right-of-use assets (note 6)	228,542	290,990
Goodwill (note 3)	1,867,305	1,427,307
Total non-current assets	2,278,675	1,831,944
Total assets	\$ 4,337,150	\$ 3,855,407
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 7 and 15)	\$ 539,535	\$ 428,061
Lease liabilities (note 9)	100,735	92,700
Total current liabilities	640,270	520,761
Non-current liabilities		
Lease liabilities (note 9)	127,156	195,090
Loans payable (note 8)	105,628	-
Unearned revenue	5,593	20,485
Total non-current liabilities	238,377	215,575
Total liabilities	878,647	736,336
Shareholders' Equity		
Share capital (note 10(a)(b))	6,129,942	5,288,542
Reserves (notes 11 and 12)	1,581,032	3,795,432
Deficit	(4,252,471)	(5,964,903)
Total shareholders' equity	3,458,503	3,119,071
Total liabilities and shareholders' equity	\$ 4,337,150	\$ 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)

DEVERON CORP. (Formerly Deveron UAS Corp.)
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues				
Data collection	\$ 451,136	\$ 615,564	\$ 1,090,534	\$ 1,047,127
Data analytics	258,598	26,844	1,026,487	423,818
	709,734	642,408	2,117,021	1,470,945
Cost of services				
Cost of services (note 14)	(268,397)	(186,959)	(488,616)	(437,605)
Gross Margin	441,337	455,449	1,628,405	1,033,340
Operating expenses (income)				
Salaries and benefits (note 15)	475,481	508,010	1,342,161	1,282,397
Office and general	342,198	74,769	730,770	274,528
Depreciation (notes 5 and 6)	46,629	48,831	152,719	125,778
Professional fees (note 15)	46,357	27,328	135,102	86,394
Share-based payments (note 11)	12,428	157,218	94,367	497,801
Shareholder relations	39,544	9,972	78,363	64,876
Travel	29,910	35,118	69,726	77,605
Bad debts	-	-	45,464	-
Business development	17,094	15,824	39,649	44,688
Interest expense (note 9)	5,956	8,826	16,114	16,828
Equipment maintenance	2,593	5,524	3,759	7,764
Gain on acquisition of Atlas (note 3)	-	(11,933)	-	(11,933)
Gain on disposition of property, plant and equipment (note 5)	-	-	(1,720)	-
Interest income	(5,051)	(12,431)	(13,708)	(37,193)
	1,013,139	867,056	2,692,766	2,429,533
Total comprehensive loss for the period	\$ (571,802)	\$ (411,607)	\$ (1,064,361)	\$ (1,396,193)
Basic and diluted net loss per common share (note 13) - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding - basic and diluted	51,738,390	38,131,086	46,669,438	37,881,086

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

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating activities		
Net loss for the period	\$ (1,064,361)	\$ (1,396,193)
Depreciation (notes 5 and 6)	152,719	125,778
Share-based payments (note 11)	94,367	497,801
Interest expense (note 9)	16,114	13,126
Gain on acquisition of Atlas (note 3)	-	(11,933)
Gain on disposition of property, plant and equipment (note 5)	(1,720)	-
Bad debts	45,464	-
Changes in non-cash working capital items:		
Accounts receivable and other assets	(185,394)	(415,564)
Inventory	14,088	-
Amounts payable and other liabilities	(258,511)	59,894
Unearned revenue	(14,892)	-
Lease payments	(91,946)	(62,563)
Net cash used in operating activities	(1,294,072)	(1,189,654)
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)	(83,399)	(90,852)
Proceeds from sale of property, plant and equipment (note 5)	16,464	-
Net cash used in investing activities	(296,450)	(90,852)
Financing activities		
Cash acquired from the acquisition of Better Harvest Inc. (note 3)	23,582	-
Cash acquired from the acquisition of Atlas (note 3)	-	72,746
Proceeds from loans payable (note 8)	105,628	-
Issue of common shares for private placements (note 10)	1,360,000	-
Share issue costs	(54,424)	-
Exercise of warrants	3,850	-
Net cash provided by financing activities	1,438,636	72,746
Net change in cash and cash equivalents	(151,886)	(1,207,760)
Cash and cash equivalents, beginning of period	1,277,904	2,923,191
Cash and cash equivalents, end of period	\$ 1,126,018	\$ 1,715,431
Cash	\$ 468,755	\$ 135,391
Cash equivalents	657,263	1,580,040
Cash and cash equivalents	\$ 1,126,018	\$ 1,715,431

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

DEVERON CORP. (Formerly Deveron UAS Corp.)

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital	Reserves		Deficit	Total
		Warrants	Share-based Payments		
Balance, December 31, 2018	\$ 5,216,042	\$ 2,204,543	\$ 1,253,255	\$ (4,187,672)	\$ 4,486,168
Common shares to be issued pursuant to the Transaction (note 3)	72,500	-	-	-	72,500
Stock options expired	-	-	(160,167)	160,167	-
Share-based payments (note 11(i)(ii)(iii)(iv))	-	-	497,801	-	497,801
Net loss for the period	-	-	-	(1,396,193)	(1,396,193)
Balance, September 30, 2019	\$ 5,288,542	\$ 2,204,543	\$ 1,590,889	\$ (5,423,698)	\$ 3,660,276
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))	(90,799)	36,375	-	-	(54,424)
Exercise of warrants	5,517	(1,667)	-	-	3,850
Stock options expired and cancelled	-	-	(572,250)	572,250	-
Share-based payments (note 11(i)(iv))	-	-	94,367	-	94,367
Expiry of warrants	-	(2,204,543)	-	2,204,543	-
Net loss for the period	-	-	-	(1,064,361)	(1,064,361)
Balance, September 30, 2020	\$ 6,129,942	\$ 468,026	\$ 1,113,006	\$ (4,252,471)	\$ 3,458,503

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

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of business and going concern

Deveron Corp. (formerly 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".

On August 31, 2020, the Company changed its corporate name from Deveron UAS Corp. to Deveron Corp. The Company's new stock symbol on the CSE is "FARM" and commenced trading under the new name and ticker symbol on market opening on September 3, 2020.

On September 21, 2020, the Company was accepted for listing on the TSX Venture Exchange (the "TSXV") as a Tier 2 issuer, and its common shares commenced trading on September 21, 2020, on the TSXV under the symbol "FARM".

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 September 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. ("Atlas"). Refer to note 3.

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 September 30, 2020, the Company had an accumulated deficit of \$4,252,471 (December 31, 2019 - \$5,964,903). Comprehensive loss for the nine months ended September 30, 2020 was \$1,064,361 (nine months ended September 30, 2019 - \$1,396,193). 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.

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of business and going concern (continued)

Going concern (continued)

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.

2. Significant accounting policies

(a) Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 18, 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.

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(b) *New accounting standards adopted (continued)*

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.

3. Acquisitions

(i) Acquisition of Atlas

On August 16, 2018, the Company entered into a membership interests purchase agreement (the "Purchase Agreement") with 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 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
Accounts 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.

(ii) 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.

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

3. Acquisitions (continued)**(ii) Acquisition of Better Harvest (continued)**

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
Accounts 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. Accounts receivable and other assets

	As at September 30, 2020	As at December 31, 2019
Sales tax receivable - (Canada) (i)	\$ 14,772	\$ 29,936
Account receivable - data service revenue	811,859	668,959
Distributions	68,668	32,470
Prepays	37,158	14,194
	\$ 932,457	\$ 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 September 30, 2020	As at December 31, 2019
Less than 1 month	\$ 564,073	\$ 330,371
1 to 3 months	170,057	176,956
Greater than 3 months	198,327	238,232
Total accounts receivable and other assets	\$ 932,457	\$ 745,559

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements**

For the Three and Nine Months Ended September 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	152,851	-	5,412	158,263
Dispositions	-	-	(15,939)	(15,939)
Balance, September 30, 2020	\$ 282,506	\$ 482,223	\$ 23,754	\$ 788,483

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	37,799	28,826	7,713	74,338
Balance, September 30, 2020	\$ 109,553	\$ 482,223	\$ 13,879	\$ 605,655

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2019	\$ 57,901	\$ 28,826	\$ 26,920	\$ 113,647
Balance, September 30, 2020	\$ 172,953	\$ -	\$ 9,875	\$ 182,828

During the nine months ended September 30, 2020, the Company sold vehicles for cash proceeds of \$16,464 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	(62,784)	(15,597)	(78,381)
Balance, September 30, 2020	\$ 134,960	\$ 93,582	\$ 228,542

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

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended September 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 September 30, 2020	As at December 31, 2019
Amounts payable	\$ 442,687	\$ 341,613
Accrued liabilities	86,319	54,745
Sales tax payable - (Canada)	10,529	31,703
Total amounts payable and other liabilities	\$ 539,535	\$ 428,061

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

	As at September 30, 2020	As at December 31, 2019
Less than 1 month	\$ 255,280	\$ 283,324
1 to 3 months	171,498	32,972
Greater than 3 months	112,757	111,765
Total amounts payable and other liabilities	\$ 539,535	\$ 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 \$65,628 (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 CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

9. Lease liabilities

Balance, December 31, 2019	\$ 287,790
Additions	15,933
Interest expense	16,114
Lease payments	(91,946)
Balance, September 30, 2020	\$ 227,891

Allocated as:

Current	\$ 100,735
Long-term	127,156
Balance, September 30, 2020	\$ 227,891

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	37,881,086	\$ 5,216,042
Shares issued pursuant to the Transaction (note 3)	250,000	72,500
Balance, September 30, 2019	38,131,086	\$ 5,288,542
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	-	(54,424)
Exercise of warrants (iii)	19,250	5,517
Balance, September 30, 2020	51,750,336	\$ 6,129,942

(i) On April 6, 2020, the Company closed 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 CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three and Nine Months Ended September 30, 2020****(Expressed in Canadian Dollars)****(Unaudited)**

10. Share capital (continued)

b) Common shares issued (continued)

(ii) On April 16, 2020, the Company closed 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.

(iii) On August 26, 2020, 19,250 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$3,850.

11. Stock options

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

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2018	4,460,000	0.36
Granted (i)(ii)(iii)	3,235,000	0.30
Cancelled	(500,000)	0.37
Expired	(400,000)	0.25
Balance, September 30, 2019	6,795,000	0.34
Balance, December 31, 2019	6,795,000	0.34
Cancelled	(2,150,000)	0.34
Expired	(160,000)	0.38
Balance, September 30, 2020	4,485,000	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 nine months ended September 30, 2020, \$845 and \$46,011, respectively (three and nine months ended September 30, 2019 - \$34,390 and \$337,309, respectively) was expensed to share-based payments.

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Notes to Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2020

(Expressed in Canadian Dollars)

(Unaudited)

11. Stock options (continued)

(ii) 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 - \$0.30; 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 three and nine months ended September 30, 2020, \$nil (three and nine months ended September 30, 2019 - \$101,896) was expensed to share-based payments.

(iii) 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 - \$0.375; 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 three and nine months ended September 30, 2020, \$nil (three and nine months ended September 30, 2019 - \$12,547) was expensed to share-based payments.

(iv) The portion of the estimated fair value of options granted in the prior years and vested during the three and nine months ended September 30, 2020, amounted to \$11,583 and \$48,356, respectively (three and nine months ended September 30, 2019 - \$8,385 and \$46,049, respectively).

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

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
80,773	1.48	167,500	575,000	0.30	March 24, 2022
177,773	1.75	1,000,000	1,000,000	0.30	July 1, 2022
773,128	2.15	2,410,000	2,410,000	0.37	November 22, 2022
81,332	2.15	375,000	500,000	0.30	November 22, 2022
1,113,006	1.97	3,952,500	4,485,000	0.34	

12. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018 and September 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
Exercised	(19,250)	0.20
Expired	(10,751,698)	0.50
Balance, September 30, 2020	7,200,750	0.20

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12. Warrants (continued)

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

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
3,275,000	128,031	0.20	October 6, 2021
3,925,750	339,995	0.20	October 16, 2021
7,200,750	468,026		

13. Net loss per common share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$571,802 and \$1,064,361, respectively (three and nine months ended September 30, 2019 - net loss of \$411,607 and \$1,396,193, respectively) and the weighted average number of common shares outstanding of 51,738,390 and 46,669,438, respectively (three and nine months ended September 30, 2019 - 38,131,086 and 37,881,086, respectively). Diluted loss per share for the periods presented did not include the effect of 7,200,750 warrants (nine months ended September 30, 2019 - 10,751,698 warrants) and 4,485,000 stock options (nine months ended September 30, 2019 - 6,795,000 stock options) as they are anti-dilutive.

14. Cost of services

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Agronomic services	\$ 120,386	\$ 120,170	\$ 209,451	\$ 312,360
Software	9,198	30,876	49,572	55,940
Office and general	15,722	3,660	53,322	13,785
Travel	1,130	35,978	13,338	35,978
Salaries and benefits	52	-	52	-
Drone equipment	9,649	366	31,318	2,229
Drone maintenance	34,328	(4,718)	47,468	15,791
Processing fees	-	93	-	113
Consulting fees	77,932	-	83,099	-
Training	-	534	996	1,409
Cost of services	\$ 268,397	\$ 186,959	\$ 488,616	\$ 437,605

15. Major shareholder and related party transactions

Major shareholder

At September 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.

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15. Major shareholder and related party transactions (continued)

Major shareholder (continued)

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 nine months ended September 30, 2020, the Company incurred professional fees of \$7,521 and \$29,031, respectively (three and nine months ended September 30, 2019 - \$7,197 and \$25,435, 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 September 30, 2020, Marrelli Support is owed \$5,491 (December 31, 2019 - \$2,659) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$2,262 and \$6,483, respectively (three and nine months ended September 30, 2019 - \$2,198 and \$6,553, respectively) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2020, DSA is owed \$1,812 (December 31, 2019 - \$1,643) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$600 and \$5,398, respectively (three and nine months ended September 30, 2019 - \$800 and \$5,541, respectively) 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 September 30, 2020, Filing is owed \$509 (December 31, 2019 - \$588) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$736 and \$2,720, respectively (three and nine months ended September 30, 2019 - \$384 and \$1,376, respectively) 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 September 30, 2020, Press Release is owed \$506 (December 31, 2019 - \$316) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company also incurred legal fees of \$9,444 and \$21,185, respectively (three and nine months ended September 30, 2019 - \$3,877 and \$27,340, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the September 30, 2020 amounts payable and other liabilities is \$2,613 due to Irwin Lowy LLP (December 31, 2019 - \$nil).

During the three and nine months ended September 30, 2020, salaries and benefits of \$45,000 and \$165,000, respectively (three and nine months ended September 30, 2019 - \$45,000 and \$155,000, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the September 30, 2020 amounts payable and other liabilities is \$nil due to the CEO and director of the Company (December 31, 2019 - \$11,360).

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15. Major shareholder and related party transactions (continued)**Related party transactions (continued)**

During the three and nine months ended September 30, 2020, salaries and benefits of \$9,375 and \$28,125, respectively (three and nine months ended September 30, 2019 - \$9,375 and \$38,125, respectively) were paid to a director of its parent company, Greencastle.

During the three and nine months ended September 30, 2020, salaries and benefits of \$nil and \$22,500, respectively (three and nine months ended September 30, 2019 - \$nil and \$22,500, respectively) were paid to directors of the Company.

During the three and nine months ended September 30, 2020, the Company incurred rent expense of \$7,500 and \$30,000, respectively (three and nine months ended September 30, 2019 - \$7,550 and \$22,550 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 nine months ended September 30, 2020, the Company incurred corporate advisory service expense of \$nil (three and nine months ended September 30, 2019 - \$nil and \$9,000, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

Included in September 30, 2020 amounts payable and other liabilities is \$7,500 due to Greencastle (December 31, 2019 - \$nil) for rent payable.

16. Segmented information

As at September 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 September 30, 2020			
Current assets	\$ 217,911	\$ 1,840,564	\$ 2,058,475
Non-current assets	368,722	1,909,953	2,278,675
Nine Months Ended September 30, 2020			
Revenues	\$ 374,729	\$ 1,742,292	\$ 2,117,021
Cost of services	23,818	464,798	488,616
Operating expenses	288,326	2,404,440	2,692,766
As at December 31, 2019			
Current assets	\$ 255,935	\$ 1,767,528	\$ 2,023,463
Non-current assets	-	1,831,944	1,831,944
Nine Months Ended September 30, 2019			
Revenues	\$ 255,135	\$ 1,215,810	\$ 1,470,945
Cost of services	-	437,605	437,605
Operating expenses	170,983	2,258,550	2,429,533