DEVERON CORP.
(FORMERLY DEVERON UAS CORP.)
CONSOLIDATED
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Deveron Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Deveron Corp. (the Company), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, 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, 2020 and 2019, 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 $1,761,554 during the year ended December 31, 2020. 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.

CLEARHOUSE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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
March 31, 2021

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

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	$ **6,217,046**	$ 1,277,904
Accounts receivable and other assets (note 7)	**822,757**	745,559
Total current assets	**7,039,803**	2,023,463
Non-current assets		
Property, plant and equipment (note 8)	**255,448**	113,647
Right-of-use assets (note 9)	**211,016**	290,990
Goodwill (note 6)	**1,867,305**	1,427,307
Total non-current assets	**2,333,769**	1,831,944
Total assets	$ **9,373,572**	$ 3,855,407
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 10 and 19)	$ **704,762**	$ 428,061
Lease liabilities (note 12)	**101,342**	92,700
Total current liabilities	**806,104**	520,761
Non-current liabilities		
Lease liabilities (note 12)	**106,027**	195,090
Loans payable (note 11)	**183,880**	-
Unearned revenue	**18,437**	20,485
Total non-current liabilities	**308,344**	215,575
Total liabilities	**1,114,448**	736,336
Shareholders' Equity		
Share capital (note 13(a)(b))	**9,970,106**	5,288,542
Reserves (notes 14 and 15)	**3,010,915**	3,795,432
Deficit	**(4,721,897)**	(5,964,903)
Total shareholders' equity	**8,259,124**	3,119,071
Total liabilities and shareholders' equity	$ **9,373,572**	$ 3,855,407

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

Nature of operations and going concern (note 1)
Event after the reporting period (note 21)

Approved on behalf of the Board:

"Bill Linton", Director

"Roger Dent", Director

DEVERON CORP. (Formerly Deveron UAS Corp.)

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues		
Data collection	**$ 1,426,255**	$ 1,499,833
Data analytics	**1,443,198**	555,604
	2,869,453	2,055,437
Cost of services		
Cost of services (note 17)	**(631,006)**	(843,407)
Gross Margin	**2,238,447**	1,212,030
Operating expenses (income)		
Salaries and benefits (note 19)	**2,198,560**	1,640,130
Office and general	**1,121,647**	393,437
Depreciation (notes 8 and 9)	**183,553**	163,598
Professional fees (note 19)	**153,746**	112,487
Share-based payments (note 14)	**106,795**	497,801
Shareholder relations	**85,137**	78,524
Travel	**113,119**	103,922
Bad debts	**77,108**	133,040
Business development	**54,250**	53,306
Interest expense (note 12)	**20,910**	17,070
Equipment maintenance	**5,318**	7,764
Gain on acquisition of Atlas (note 6)	**-**	(11,933)
Gain on disposition of property, plant and equipment (note 8)	**(1,720)**	-
Interest income	**(14,155)**	(39,718)
Gain on foreign exchange translation	**(104,267)**	-
	4,000,001	3,149,428
Total comprehensive loss for the year	**$ (1,761,554)**	$ (1,937,398)
Basic and diluted net loss per common share (note 16) - basic and diluted	**$ (0.04)**	$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	**48,329,931**	37,961,223

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

DEVERON CORP. (Formerly Deveron UAS Corp.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating activities		
Net loss for the year	**$ (1,761,554)**	$ (1,937,398)
Depreciation (notes 8 and 9)	**183,553**	163,598
Share-based payments (note 14)	**106,795**	497,801
Interest expense (note 12)	**20,910**	14,616
Gain on acquisition of Atlas (note 6)	**-**	(11,933)
Gain on disposition of property, plant and equipment (note 8)	**(1,720)**	-
Foreign exchange gain	**(104,267)**	-
Changes in non-cash working capital items:		
Accounts receivable and other assets	**(47,785)**	(297,187)
Amounts payable and other liabilities	**42,625**	41,592
Unearned revenue	**(2,048)**	20,485
Lease payments	**(117,023)**	(83,008)
Net cash used in operating activities	**(1,680,514)**	(1,591,434)
Investing activities		
Cash payment for the acquisition of Better Harvest (note 6)	**(229,515)**	-
Purchase of property, plant and equipment (notes 6 and 8)	**(169,565)**	(126,599)
Proceeds from sale of property, plant and equipment (note 8)	**16,464**	-
Net cash used in investing activities	**(382,616)**	(126,599)
Financing activities		
Cash acquired from the acquisition of Better Harvest (note 6)	**23,582**	-
Cash acquired from the acquisition of Atlas (note 6)	**-**	72,746
Long term loan	**183,880**	-
Issue of common shares for private placements (note 13)	**7,145,227**	-
Share issue costs	**(354,267)**	-
Exercise of warrants	**3,850**	-
Net cash provided by financing activities	**7,002,272**	72,746
Net change in cash and cash equivalents	**4,939,142**	(1,645,287)
Cash and cash equivalents, beginning of year	**1,277,904**	2,923,191
Cash and cash equivalents, end of year	**$ 6,217,046**	$ 1,277,904
Cash	**$ 6,217,046**	$ 217,864
Cash equivalents	**-**	1,060,040
Cash and cash equivalents	**$ 6,217,046**	$ 1,277,904

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

DEVERON CORP. (Formerly 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, 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 6)	72,500	-	-	-	72,500
Stock options expired	-	-	(160,167)	160,167	-
Share-based payments (note 14(i)(ii)(iii))	-	-	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**
Issuance of common shares in private placement (note 13(b)(i)(ii)(iv))	7,145,227	-	-	-	7,145,227
Warrants issued (note 13(b)(i)(ii)(iv))	(1,935,330)	1,935,330	-	-	-
Share issue costs (note 13(b)(ii)(iv)	(533,850)	179,585	-	-	(354,265)
Exercise of warrants (note 13(b)(iii))	5,517	(1,667)	-	-	3,850
Stock options expired and cancelled	-	-	(800,017)	800,017	-
Share-based payments (note 14(i))	-	-	106,795	-	106,795
Expiry of warrants	-	(2,204,543)	-	2,204,543	-
Net loss for the year	-	-	-	(1,761,554)	(1,761,554)
Balance, December 31, 2020	**$ 9,970,106**	**$ 2,113,248**	**$ 897,667**	**$ (4,721,897)**	**$ 8,259,124**

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

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 insights and recommendations to improve farm outcomes.

As at December 31, 2020, 15.8% 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 6.

On May 11, 2020, the Company completed the acquisition of Better Harvest ("Better Harvest"). Refer to note 6.

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 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, 2020, the Company had an accumulated deficit of $4,721,897 (December 31, 2019 - $5,964,903). Comprehensive loss for the year ended December 31, 2020 was $1,761,554 (year ended December 31, 2019 - $1,937,398). 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.

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 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, 2020. The policies set out below are based on IFRS issued and outstanding as of March 31, 2021, the date of the Directors approved the statements.

(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.

2. Significant accounting policies (continued)

(d) Basis of consolidation (continued)

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

Financial assets within the scope of IFRS 9 - Financial Instruments ("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.

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.

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.

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

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.

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

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.

2. Significant accounting policies (continued)

(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.

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 from contracts with Customers

<u>Revenues recognition policy</u>
Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer.

The Company generates revenue by providing data collection and analytics services to the agricultural industry in Canada and the United States. 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 from contracts with Customers (continued)

Performance obligation
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.

Variable consideration
The nature of the Company's business does not give rise to variable consideration that would otherwise decrease the transaction price which would reduce revenue.

Disaggregation of revenue from contracts with customers
The following table disaggregates the Company's revenue based on the geographical distribution for the year ended December 31, 2020:

United states	$	702,478
Canada		2,166,975
Total	$	2,869,453

Various economic factors affect revenue and cash flows. In substantially all revenue transactions, cash collections on earned from successful transactions are realized immediately after the transaction is consummated.

(n) Leases and right-of-use assets

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.

2. Significant accounting policies (continued)

(o) 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.

(p) 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.

(q) Government grants and assistance

Grants and subsidies are recognized at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Fair value signifies the amount received in cash. The grants and subsidies are presented in operations.

(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.

2. Significant accounting policies (continued)

(r) Critical accounting estimates and judgments (continued)

i) Critical accounting estimates (continued)

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.

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.

Business combination - In a business acquisition, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the acquisition date at their respective fair values. The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree – the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date. Management exercises judgment in considering all pertinent facts and circumstances in identifying the acquisition date.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management also exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

2. Significant accounting policies (continued)

(s) 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 significant impact on the Company's consolidated financial statements.

IAS 1, Presentation of financial statements ("IAS 1") and IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of materiality and how it should be applied. The amendments also align the definition of materiality 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 consolidated financial statements.

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, 2020, totaled an equity of $8,259,124 (December 31, 2019 - $3,119,071).

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 and fund acquisitions. To secure the additional capital necessary to continue with its 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, 2020 and 2019. 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.

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, 2020. Management believes that the credit risk with respect to these amounts receivable is minimal. As at December 31, 2020, the provision for amounts receivable is $83,976 (December 31, 2019 - $145,846).

(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, 2020, the Company had cash of $6,217,046 (December 31, 2019 - $1,277,904) to settle current liabilities of $806,104 (December 31, 2019 - $520,761). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. 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 can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operatingactivities, the Company might not be able to continue as a going concern entity.

(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'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, 2020, 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.

4. Financial instruments and risk factors (continued)

(iii) Market risk (continued)

(c) Price risk

The Company is exposed to price risk with respect to equity 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.

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, 2020, 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, 2020 would have been approximately $17,048 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at December 31, 2020, shareholders' equity would have been approximately $17,048 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, 2020	**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	$ 6,217,046	$ -	$ -	$ 6,217,046
As at December 31, 2019				
Cash and cash equivalents	$ 1,277,904	$ -	$ -	$ 1,277,904

(Expressed in Canadian Dollars)

5. Fair value measurements (continued)

(b) Categories of financial instruments:

As at December 31,	2020 Carrying amount	2019 Carrying amount
Financial assets:		
Cash and cash equivalents	**$ 6,217,046**	$ 1,277,904
Amounts receivable	**822,757**	745,559
	$ 7,039,803	$ 2,023,463
Financial liabilities:		
Amounts payable and other liabilities	**$ 704,762**	$ 428,061
Loans payable	**183,880**	-
	$ 888,642	$ 428,061

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. Acquisitions

(i) Acquisition of Atlas

On August 16, 2019, 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.

(Expressed in Canadian Dollars)

6. Acquisitions (continued)

(ii) Acquisition of Better Harvest

On May 11, 2020, the Company acquired all the operating assets of Better Harvest, a Texas, United States based agronomy solutions business.

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 promissory note of $139,100 (US$100,000) payable in equal annual payments of principal and 0.25% interest over the following two years. This amount is included in other liabilities.

7. Accounts receivable and other assets

		As at December 31, 2020		**As at December 31, 2019**
Other receivables	**$**	**90,362**	$	62,406
Account receivable		**688,341**		668,959
Prepaids		**44,054**		14,194
	$	**822,757**	$	745,559

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

		As at December 31, 2020		**As at December 31, 2019**
Less than 1 month	**$**	**529,841**	$	330,371
1 to 3 months		**130,009**		176,956
Greater than 3 months		**162,907**		238,232
Total accounts receivable and other assets	**$**	**822,757**	$	745,559

(Expressed in Canadian Dollars)

8. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
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**
Additions	157,862	-	86,329	244,191
Dispositions	-	-	(15,939)	(15,939)
Balance, December 31, 2020	**$ 287,517**	**$ 482,223**	**$ 104,671**	**$ 874,411**

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
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**
Disposition	-	-	(1,195)	(1,195)
Depreciation	48,536	28,826	10,284	87,646
Balance, December 31, 2020	**$ 120,290**	**$ 482,223**	**$ 16,450**	**$ 618,963**

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2019	**$ 57,901**	**$ 28,826**	**$ 26,920**	**$ 113,647**
Balance, December 31, 2020	**$ 167,227**	**$ -**	**$ 88,221**	**$ 255,448**

During the year ended December 31, 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.

9. Right-of-use assets

	Vehicles	Leasehold improvements	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**

(Expressed in Canadian Dollars)

9. Right-of-use assets (continued)

	Vehicles	Leasehold improvements	Total
Balance, December 31, 2019	$ 181,811	$ 109,179	**$ 290,990**
Additions	15,933	-	15,933
Depreciation	(80,310)	(15,597)	(95,907)
Balance, December 31, 2020	$ 117,434	$ 93,582	**$ 211,016**

Vehicles are depreciated over 36 months. Leasehold improvements are depreciated over 72 months.

10. 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, 2020	As at December 31, 2019
Amounts payable	**$ 298,215**	$ 341,613
Accrued liabilities	**236,398**	54,745
Other payables	**170,149**	31,703
Total amounts payable and other liabilities	**$ 704,762**	$ 428,061

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

	As at December 31, 2020	As at December 31, 2019
Less than 1 month	**$ 591,476**	$ 283,324
1 to 3 months	**-**	32,972
Greater than 3 months	**113,286**	111,765
Total amounts payable and other liabilities	**$ 704,762**	$ 428,061

11. 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 was fully drawn on June 26, 2020, and 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.

(Expressed in Canadian Dollars)

11. Loans payable (continued)

(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.

During the year ended December 31, 2020, the Company received aggregate wage subsidies of $207,000 in connection with Covid-19 government relief programs. In accordance with it's accounting policy, the subsidies were recorded in operations.

12. Lease liabilities

Balance, January 1, 2019	**$**	**28,979**
Additions		327,203
Interest expense		14,616
Lease payments		(83,008)
Balance, December 31, 2019	**$**	**287,790**
Additions		15,933
Interest expense		20,669
Lease payments		(117,023)
Balance, December 31, 2020	**$**	**207,369**
Allocated as:		
Current	$	101,342
Long-term		106,027
Balance, December 31, 2020	**$**	**207,369**
Allocated as:		
Current	$	92,700
Long-term		195,090
Balance, December 31, 2019	**$**	**287,790**

13. 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.

(Expressed in Canadian Dollars)

13. Share capital (continued)

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2018	**37,881,086**	**$**	**5,216,042**
Shares issued pursuant to the Transaction (note 6)	250,000		72,500
Balance, December 31, 2019	**38,131,086**	**$**	**5,288,542**
Private placements (i)(ii)(iv)	30,129,222		7,145,227
Warrant valuation (i)(ii)(iv)	-		(1,935,330)
Broker warrant valuation (ii)(iv)	-		(179,585)
Share issue costs	-		(354,265)
Exercise of warrants (iii)	19,250		5,517
Balance, December 31, 2020	**68,279,558**	**$**	**9,970,106**

(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.

(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, and $1,667 was reclassified from share base payment reserve for a fair value amount of $5,517.

(Expressed in Canadian Dollars)

13. Share capital (continued)

b) Common shares issued (continued)

(iv) On December 23, 2020, the Company closed a non-brokered private placement of Units at a price of $0.35 per Unit for gross proceeds of $5,785,228 and a total of 16,529,222 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 $0.45 per warrant for a period of 2 years after closing. The 8,264,611 warrants were valued at $1,502,012 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) - 102%; risk-free interest rate - 0.20%; and an expected life - 2 years.

As consideration for the services provided for the private placements, the agents received a cash commission equal to in the aggregate $276,062 and an aggregate of 701,664 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of $0.45 for a period of 2 years after the private placement. The 701,664 compensation warrants were valued at $143,210 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) - 102%; risk-free interest rate - 0.20%; and an expected life - 2 years.

14. Stock options

The following table reflects the continuity of options for the years ended December 31, 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, December 31, 2019	**6,795,000**	**0.34**
Balance, December 31, 2019	**6,795,000**	**0.34**
Cancelled	(2,860,000)	0.34
Expired	(160,000)	0.38
Balance, December 31, 2020	**3,775,000**	**0.33**

(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 periods. During the year ended December 31, 2020, $106,795 (year ended December 31, 2019 - $371,699) was expensed to share-based payments.

(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 year ended December 31, 2020, $nil (year ended December 31, 2019 - $101,896) was expensed to share-based payments.

(Expressed in Canadian Dollars)

14. Stock options (continued)

(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, expired 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, 2020, $nil (year ended December 31, 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 year ended December 31, 2020, amounted to $nil (year ended December 31, 2019 - $11,659).

Details of the stock options outstanding as at December 31, 2020 are as follows:

Fair value ($)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
99,083	1.23	167,500	575,000	0.30	March 24, 2022
177,773	1.50	1,000,000	1,000,000	0.30	July 1, 2022
545,360	1.89	1,700,000	1,700,000	0.37	November 22, 2022
92,410	1.89	375,000	500,000	0.30	November 22, 2022
914,626	1.63	3,242,500	3,775,000	0.33	

15. Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2020 and 2019:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2018 and December 31, 2019	**10,751,698**	**0.49**
Issued for private placements (note 13(b)(i)(ii)(iv))	16,186,275	0.33
Exercised (note 13(b)(iii))	(19,250)	0.20
Expired	(10,751,698)	0.49
Balance, December 31, 2020	**16,167,025**	**0.33**

The following table reflects the warrants issued and outstanding as of December 31, 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
8,264,611	1,502,012	0.45	December 23, 2022
701,664	143,210	0.35	December 23, 2022
16,167,025	2,113,248		

(Expressed in Canadian Dollars)

16. Net loss per common share

The calculation of basic and diluted loss per share for the year ended December 31, 2020 was based on the loss attributable to common shareholders of $1,761,554 (year ended December 31, 2019 - net loss of $1,937,398) and the weighted average number of common shares outstanding of 48,329,931 (year ended December 31, 2019 - 37,961,223). Diluted loss per share for the years presented did not include the effect of 16,167,025 warrants (year ended December 31, 2019 - 10,751,698 warrants) and 3,775,000 stock options (year ended December 31, 2019 - 6,795,000 stock options) as they are anti-dilutive.

17. Cost of services

	Year ended December 31, 2020	2019
Agronomic services	**$ 280,768**	$ 509,815
Software and processing fees	**232,844**	139,236
Drone maintenance	**88,190**	103,354
Office and general	**14,165**	39,169
Travel and training	**15,039**	51,833
Cost of services	**$ 631,006**	$ 843,407

18. 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:

	2020	2019
Loss before income tax	**$ (1,761,554)**	$ (1,937,398)
Combined statutory tax rate	**26.50%**	26.50%
Expected income tax recovery	**(466,812)**	(513,410)
Differences in depreciation and capital cost allowance	**-**	(95,227)
Share issue costs recorded in equity	**(93,881)**	-
Non-deductible share based payment expense	**28,301**	131,917
Permanent differences and other	**(7,158)**	2,718
Tax benefits not recognized	**539,550**	474,002
Total tax recovery	**$ -**	$ -

Deferred Income Taxes

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

Deductible (taxable) temporary differences	December 31, 2020	2019
Tax loss carry-forwards	**$ 2,193,169**	$ 1,680,308
Non-current assets	**144,667**	171,289
Share issue costs and other	**108,609**	55,299
Deferred tax assets	**$ 2,446,445**	$ 1,906,896
Tax benefit not recognized	**(2,446,445)**	(1,906,896)
Net deferred tax assets	**$ -**	$ -

(Expressed in Canadian Dollars)

18. Income tax (continued)

As at December 31, 2020, the Company has the unclaimed non-capital losses that expire as follows:

Expires	2031	$	162,141
	2032		179,063
	2033		323,351
	2034		458,013
	2035		424,429
	2036		677,012
	2037		934,636
	2038		1,556,389
	2039		1,708,025
	2040		1,853,052
		$	8,276,111

As at December 31, 2020, 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.

19. Major shareholder and related party transactions

Major shareholder

At December 31, 2020, Greencastle owned and/or exercised control over 10,804,500 common shares (December 31, 2019 - 10,554,005 common shares) of Deveron, representing approximately 15.8% (December 31, 2019 - 27.7%) of the issued and outstanding common shares of the Company. The remaining 84.2% (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 15.8% (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 year ended December 31, 2020, the Company incurred professional fees of $42,267 (year ended December 31, 2019 - $32,627) 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 December 31, 2020, Marrelli Support is owed $8,956 (December 31, 2019 - $2,659) and this amount is included in amounts payable and other liabilities.

19. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the year ended December 31, 2020, the Company incurred professional fees of $8,526 (year ended December 31, 2019 - $8,667) 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, 2020, DSA is owed $737 (December 31, 2019 - $1,643) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2020, the Company incurred professional fees of $5,884 (year ended December 31, 2019 - $5,821) 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, 2020, Filing is owed $186 (December 31, 2019 - $588) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2020, the Company incurred professional fees of $3,360 (year ended December 31, 2019 - $384) 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, 2020, Press Release is owed $nil (December 31, 2019 - $316) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2020, the Company also incurred legal fees of $33,174 (year ended December 31, 2019 - $31,929) 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, 2020 amounts payable and other liabilities is $23,780 due to Irwin Lowy LLP (December 31, 2019 - $nil).

During the year ended December 31, 2020, salaries and benefits of $300,000 (year ended December 31, 2019 - $200,000) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the December 31, 2020 amounts payable and other liabilities is $nil due to the CEO and director of the Company (December 31, 2019 - $11,360).

During the year ended December 31, 2020, salaries and benefits of $37,500 (year ended December 31, 2019 - $47,500) were paid to a director of its parent company, Greencastle.

During the year ended December 31, 2020, salaries and benefits of $22,500 (year ended December 31, 2019 - $22,500) were paid to directors of the Company.

During the year ended December 31, 2020, the Company incurred rent expense of $30,450 (year ended December 31, 2019 - $24,350) to Greencastle which is included in office and general in the consolidated financial statements of comprehensive loss.

During the year ended December 31, 2020, the Company incurred corporate advisory service expense of $nil (year ended December 31, 2019 - $9,000) to Greencastle which is included in office and general in the consolidated statements of comprehensive loss.

(Expressed in Canadian Dollars)

19. Major shareholder and related party transactions (continued)

Related party transactions (continued)

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

During the year ended December 31, 2020, the Company incurred share based payment expenses to officers, directors and key management personnel of $41,473 (2019 - $177,773).

20. Segmented information

As at December 31, 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 December 31, 2020			
Current assets	$ 343,857	$ 6,695,946	$ 7,039,803
Non-current assets	-	2,333,769	2,333,769
Revenues	702,478	2,166,975	2,869,453
Cost of services	114,887	516,119	631,006
Operating expenses	546,686	3,453,315	4,000,001
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

21. Event after the reporting period

On February 22, 2021, the Company acquired FD Argo Technologies LLC ("Farm Dog"), an award winning agriculture data platform company that helps farmers, argonomists and agribusinesses record, organize and leverage on-farm information to make better decisions. On March 5, 2021, the Company announced that it had acquired Farm Dog. As consideration for the transaction, the Company will issue an aggregate of 294,118 common shares in the capital of the Company (the "Common Shares") at a price of $0.64 per Common Share over a period of two years and a cash payment of US$100,000. All securities issued pursuant to the transaction will be subject to a statutory hold period of four months and one day from the issuance therefore, as applicable, in accordance with applicable securities law.

Highlights of Acquisition:

- Acquires www.farmdog.ag, Farm Dog's customer-facing, mobile and web agriculture data platform
- Adds over 4,000 new clients representing over 2,000,000 acres
- Accelerates Deveron's digital service offerings
- Assumes a strategic contract (expiring in 2025) with the United States Department of Agriculture (USDA)

On March 11, 2021, the Company granted 175,000 share purchase options exercisable at a price of $0.75 per share until March 12, 2026.

Subsequent to December 31, 2020, the Company received proceeds of $85,000 from the exercise of 425,000 warrants.