
DEVERON CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2021
(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 March 31, 2021	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,435,941	\$ 6,217,046
Accounts receivable and other assets (note 4)	955,353	822,757
Total current assets	6,391,294	7,039,803
Non-current assets		
Property, plant and equipment (note 5)	271,591	255,448
Right-of-use assets (note 6)	186,205	211,016
Goodwill (note 3)	2,182,381	1,867,305
Total non-current assets	2,640,177	2,333,769
Total assets	\$ 9,031,471	\$ 9,373,572
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 7 and 15)	\$ 655,596	\$ 704,762
Lease liabilities (note 9)	65,983	101,342
Total current liabilities	721,579	806,104
Non-current liabilities		
Lease liabilities (note 9)	105,248	106,027
Loans payable (note 8)	179,618	183,880
Deferred revenue	146,827	18,437
Total non-current liabilities	431,693	308,344
Total liabilities	1,153,272	1,114,448
Shareholders' Equity		
Share capital (note 10(a)(b))	10,141,550	9,970,106
Reserves (notes 3, 11 and 12)	3,432,844	3,010,915
Deficit	(5,696,195)	(4,721,897)
Total shareholders' equity	7,878,199	8,259,124
Total liabilities and shareholders' equity	\$ 9,031,471	\$ 9,373,572

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

Nature of operations and going concern (note 1)

Events after the reporting period (note 17)

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues		
Data collection	\$ 267,774	\$ 139,786
Data analytics	399,952	143,634
	667,726	283,420
Cost of services		
Cost of services (note 14)	(284,058)	(103,208)
Gross margin	383,668	180,212
Operating expenses (income)		
Salaries and benefits (note 15)	620,587	397,633
Share-based payments (note 11)	320,807	69,646
Office and general	165,431	154,448
Professional fees (note 15)	103,269	29,594
Depreciation (notes 5 and 6)	51,177	50,468
Business development	44,807	17,535
Shareholder relations	37,787	12,212
Travel	12,485	14,769
Interest expense (note 9)	16,110	12,691
Bad debts	2,227	-
Gain on disposition of property, plant and equipment (note 5)	-	(1,720)
Interest income	(2,586)	(8,281)
Gain on foreign exchange translation	(8,965)	-
	1,363,136	748,995
Total comprehensive loss for the period	\$ (979,468)	\$ (568,783)
Basic and diluted net loss per common share (note 13) - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	68,437,704	38,131,086

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)**

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating activities		
Net loss for the period	\$ (979,468)	\$ (568,783)
Depreciation (notes 5 and 6)	51,177	50,468
Share-based payments (note 11)	320,807	69,646
Interest expense (note 9)	16,110	12,691
Gain on disposition of property, plant and equipment (note 5)	-	(1,720)
Foreign exchange loss	230	-
Changes in non-cash working capital items:		
Accounts receivable and other assets	(132,596)	156,008
Amounts payable and other liabilities	(49,166)	(3,043)
Deferred revenue	128,390	80,416
Lease payments (note 9)	(52,248)	(44,159)
Net cash used in operating activities	(696,764)	(248,476)
Investing activities		
Cash payment for the acquisition of Farm Dog (note 3)	(126,841)	-
Purchase of property, plant and equipment (notes 5)	(42,509)	-
Proceeds from sale of property, plant and equipment (note 5)	-	16,458
Net cash (used in) provided by investing activities	(169,350)	16,458
Financing activities		
Long term loan repayment	(4,491)	-
Exercise of warrants	85,000	-
Exercise of options	4,500	-
Net cash provided by financing activities	85,009	-
Net change in cash and cash equivalents	(781,105)	(232,018)
Cash and cash equivalents, beginning of period	6,217,046	1,277,904
Cash and cash equivalents, end of period	\$ 5,435,941	\$ 1,045,886
Cash	\$ 5,435,941	\$ 246,092
Cash equivalents	-	799,794
Cash and cash equivalents	\$ 5,435,941	\$ 1,045,886

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			Total
		Warrants	Contributed Surplus	Deficit	
Balance, December 31, 2019	\$ 5,288,542	\$ 2,204,543	\$ 1,590,889	\$ (5,964,903)	\$ 3,119,071
Expiry of warrants	-	(2,108,829)	-	2,108,829	-
Stock options expired	-	-	(12,547)	12,547	-
Share-based payments (note 11(iv))	-	-	69,646	-	69,646
Net loss for the period	-	-	-	(568,783)	(568,783)
Balance, March 31, 2020	\$ 5,288,542	\$ 95,714	\$ 1,647,988	\$ (4,412,310)	\$ 2,619,934
Balance, December 31, 2020	\$ 9,970,106	\$ 2,113,248	\$ 897,667	\$ (4,721,897)	\$ 8,259,124
Common shares issued pursuant to acquisition (note 3)	62,745	-	125,491	-	188,236
Exercise of warrants (note 10(b)(ii))	101,614	(16,614)	-	-	85,000
Exercise of options (note 10(b)(i))	7,085	-	(2,585)	-	4,500
Stock options expired and cancelled	-	-	(5,170)	5,170	-
Share-based payments (note 11(i)(ii)(iii)(iv))	-	-	320,807	-	320,807
Net loss for the period	-	-	-	(979,468)	(979,468)
Balance, March 31, 2021	\$ 10,141,550	\$ 2,096,634	\$ 1,336,210	\$ (5,696,195)	\$ 7,878,199

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 Months Ended March 31, 2021

(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 Business Management Inc. ("Veritas"), the Company provides growers in North America with independent insights and recommendations to improve farm outcomes.

On February 19, 2021, the Company completed the acquisition of FD Agro Technologies LLC ("Farm Dog"). Refer to note 3.

As at March 31, 2021, 14.7% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle").

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 realize 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 March 31, 2021, the Company had an accumulated deficit of \$5,696,195 (December 31, 2020 - \$4,721,897). Comprehensive loss for the three months ended March 31, 2021 was \$979,468 (three months ended March 31, 2020 - \$568,783). 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 Months Ended March 31, 2021

(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 May 20, 2021, 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, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Acquisitions

Acquisition of Farm Dog

On February 19, 2021, the Company acquired Farm Dog. As consideration for the transaction, the Company will issue an aggregate of 294,118 common shares at a price of \$0.64 per common share over a period of two years (98,039 issued on March 5, 2021), and a cash payment of USD \$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 thereof, as applicable, in accordance with the application securities law.

In connection with the transaction, the Company's wholly-owned subsidiary Deveron USA, LLC ("Deveron US") entered into an employment agreement with Liron Brish ("Brish"), whereby Brish would be retained as an employee of Deveron US. Based on the achievement of certain milestones, and pursuant to the Employment Agreement, the Company has agreed to pay USD \$750,000 as follows:

- (i) USD \$250,000 issuable in common shares in the event that Farm Dog adds 2,000,000 unique active acres within 3 years of the closing date; and
- (ii) USD \$250,000 issuable in common shares and USD \$250,000 in cash in the event that Farm Dog generates an additional \$5,000,000 in revenue by the end of 2022.

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

3. Acquisitions (continued)**Acquisition of Farm Dog (continued)**

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of 98,039 common shares (i)	\$	62,745
Cash payment		126,841
Additional 196,079 common shares to be issued (ii)		125,490
Total consideration (iii)	\$	315,076

(i) For the purpose of determining the value of the purchase price consideration, the 98,039 common shares were valued at \$0.64 per share based on Deveron's closing price as of February 19, 2021.

(ii) For the purpose of determining the value of the purchase price consideration, the 196,079 common shares to be issued were valued at \$0.64 per share based on Deveron's closing price as of February 19, 2021 and was recorded as an addition to contributed surplus.

(iii) The allocation of the purchase price was recorded as goodwill.

Balance, December 31, 2020	\$	1,867,305
Addition		315,076
Balance, March 31, 2021	\$	2,182,381

4. Accounts receivable and other assets

	As at March 31, 2021	As at December 31, 2020
Account receivable	\$ 689,162	\$ 688,341
Other receivables	110,677	90,362
Prepays	155,514	44,054
	\$ 955,353	\$ 822,757

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

	As at March 31, 2021	As at December 31, 2020
Less than 1 month	\$ 675,621	\$ 529,841
1 to 3 months	128,947	130,009
Greater than 3 months	150,785	162,907
Total accounts receivable and other assets	\$ 955,353	\$ 822,757

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

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

5. Property, plant and equipment

COST	Equipment	Drones	Vehicles	Total
Balance, December 31, 2020	\$ 287,517	\$ 482,223	\$ 104,671	\$ 874,411
Additions	-	-	42,509	42,509
Balance, March 31, 2021	\$ 287,517	\$ 482,223	\$ 147,180	\$ 916,920
ACCUMULATED DEPRECIATION	Equipment	Drones	Vehicles	Total
Balance, December 31, 2020	\$ 120,290	\$ 482,223	\$ 16,450	\$ 618,963
Depreciation	14,472	-	11,894	26,366
Balance, March 31, 2021	\$ 134,762	\$ 482,223	\$ 28,344	\$ 645,329
CARRYING AMOUNT	Equipment	Drones	Vehicles	Total
Balance, December 31, 2020	\$ 167,227	\$ -	\$ 88,221	\$ 255,448
Balance, March 31, 2021	\$ 152,755	\$ -	\$ 118,836	\$ 271,591

During the three months ended March 31, 2020, the Company sold vehicles for cash proceeds of \$16,458 which resulted in a gain on disposition of property, plant and equipment of \$1,720.

6. Right-of-use assets

	Vehicles	Leasehold improvements	Total
Balance, December 31, 2020	\$ 117,434	\$ 93,582	\$ 211,016
Depreciation	(19,612)	(5,199)	(24,811)
Balance, March 31, 2021	\$ 97,822	\$ 88,383	\$ 186,205

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

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2021

(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 March 31, 2021	As at December 31, 2020
Amounts payable	\$ 383,429	\$ 298,215
Accrued liabilities	112,864	236,398
Other payables	159,303	170,149
Total amounts payable and other liabilities	\$ 655,596	\$ 704,762

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

	As at March 31, 2021	As at December 31, 2020
Less than 1 month	\$ 361,730	\$ 591,476
1 to 3 months	46,177	-
Greater than 3 months	247,689	113,286
Total amounts payable and other liabilities	\$ 655,596	\$ 704,762

8. Loans payable

(i) During the year ended December 31, 2020, 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 was 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. At the end of March 2021, the Company filed for an additional \$20,000 loan, which was approved and deposited subsequent to quarter end.

(ii) During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of \$61,869 (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 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 three months ended March 31, 2021, the Company received aggregate wage subsidies of \$nil in connection with Covid-19 government relief programs. In accordance with its accounting policy, the subsidies were recorded in operations.

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

8. Loans payable (continued)

(iii) During the year ended December 31, 2020, the Company applied for and received loan proceeds in the amount of \$92,790 from CLE Capital, a lease financing specialist. During the three months ended March 31, 2021, the Company has repaid \$4,491 (December 31, 2020 - \$11,551). The balance outstanding as of March 31, 2021 is \$76,749.

9. Lease liabilities

Balance, December 31, 2020	\$ 207,369
Interest expense	16,110
Lease payments	(52,248)
Balance, March 31, 2021	\$ 171,231

Allocated as:

Current	\$ 65,983
Long-term	105,248
Balance, March 31, 2021	\$ 171,231

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, 2019 and March 31, 2020	38,131,086	\$ 5,288,542
Balance, December 31, 2020	68,279,558	\$ 9,970,106
Shares issued pursuant to the acquisition of Farm Dog (note 3)	98,039	62,745
Exercise of warrants (ii)	425,000	101,614
Exercise of options (i)	15,000	7,085
Balance, March 31, 2021	68,817,597	\$ 10,141,550

(i) On March 30, 2021, 15,000 options were exercised at a price of \$0.30 per unit for gross proceeds of \$4,500.

(ii) During the three months ended March 31, 2021, 425,000 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$85,000, and \$16,614 was reclassified from warrant reserve for a fair value amount of \$101,614.

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

11. Stock options

The following table reflects the continuity of options for the periods ended March 31, 2021 and 2020:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2019	6,795,000	0.34
Expired	(160,000)	0.38
Balance, March 31, 2020	6,635,000	0.34
Balance, December 31, 2020	3,775,000	0.33
Granted (i)(ii)(iii)	1,725,000	0.49
Cancelled	(15,000)	0.30
Exercised (note 10(b)(i))	(15,000)	0.30
Balance, March 31, 2021	5,470,000	0.39

(i) On January 15, 2021, the Company granted 1,225,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of \$0.43 per share, will expire in three years from the issue date. A fair value of \$336,386 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.43; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 105%; risk-free interest rate - 0.20%; and an expected life - 3 years. The options vested 25% immediately, with the remaining options vesting a quarter every quarter. During the three months ended March 31, 2021, \$210,817 (three months ended March 31, 2020 - \$nil) was expensed to share-based payments.

(ii) On February 22, 2021, the Company granted 325,000 stock options to an employee to the Company. The stock options, at a price of \$0.64 per share, will expire in five years from the issue date. A fair value of \$169,358 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.64; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 117%; risk-free interest rate - 0.67%; and an expected life - 5 years. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2021, \$61,221 (three months ended March 31, 2020 - \$nil) was expensed to share-based payments.

(iii) On March 12, 2021, the Company granted 175,000 stock options to an officer of the Company. The stock options, at a price of \$0.75 per share, will expire in five years from the issue date. A fair value of \$107,665 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.75; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 1.03%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three months ended March 31, 2021, \$37,445 (three months ended March 31, 2020 - \$nil) 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 months ended March 31, 2021, amounted to \$11,324 (three months ended March 31, 2020 - \$69,646).

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

11. Stock options (continued)

Details of the stock options outstanding as at March 31, 2021 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
90,862	0.98	335,000	545,000	0.30	March 24, 2022
177,773	1.25	1,000,000	1,000,000	0.30	July 1, 2022
545,360	1.65	1,700,000	1,700,000	0.37	November 22, 2022
92,408	1.65	500,000	500,000	0.30	November 22, 2022
210,817	2.79	306,250	1,225,000	0.43	January 15, 2024
61,221	4.90	108,333	325,000	0.64	February 22, 2026
37,445	4.95	58,333	175,000	0.75	March 12, 2026
1,215,886	2.11	4,007,916	5,470,000	0.39	

12. Warrants

The following table reflects the continuity of warrants for the three months ended March 31, 2021 and 2020:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2019	10,751,698	0.49
Expired	(9,814,198)	0.49
Balance, March 31, 2020	937,500	0.50
Balance, December 31, 2020	16,167,025	0.33
Exercised (note 10(b)(ii))	(425,000)	0.20
Balance, March 31, 2021	15,742,025	0.13

The following table reflects the warrants issued and outstanding as of March 31, 2021:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
2,850,000	111,416	0.20	October 6, 2021
3,925,750	339,996	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
15,742,025	2,096,634		

13. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2021 was based on the loss attributable to common shareholders of \$979,468 (three months ended March 31, 2020 - net loss of \$568,783) and the weighted average number of common shares outstanding of 68,437,704 (three months ended March 31, 2020 - 38,131,086). Diluted loss per share for the three months ended March 31, 2021, presented did not include the effect of 15,742,025 warrants (three months ended March 31, 2020 - 937,500 warrants) and 5,470,000 stock options (three months ended March 31, 2020 - 6,635,000 stock options) as they are anti-dilutive.

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

14. Cost of services

	Three months ended	
	March 31,	
	2021	2020
Agronomic services and laboratory fees	\$ 173,599	\$ 13,149
Software and processing fees	45,729	74,863
Drone maintenance and equipment	51,145	7,690
Travel and training	13,585	7,506
Cost of services	\$ 284,058	\$ 103,208

15. Major shareholder and related party transactions**Major shareholder**

At March 31, 2021, Greencastle owned and/or exercised control over 10,145,500 common shares (December 31, 2020 - 10,804,500 common shares) of Deveron, representing approximately 14.7% (December 31, 2020 - 15.8%) of the issued and outstanding common shares of the Company. The remaining 85.3% (December 31, 2020 - 84.2%) of the shares are widely held, which includes various small holdings 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 14.7% (December 31, 2020 - 15.8%) 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.

Marrelli Group of Companies

During the three months ended March 31, 2021, the Company incurred professional fees of \$12,079 (three months ended March 31, 2020 - \$10,049) to a group of companies of which Carmelo Marrelli is Managing Director. Mr. Marrelli is the Chief Financial Officer of Deveron. All services were made on terms equivalent to those that prevail with arm's length transactions. As at March 31, 2021, the group of companies was owed \$7,461 (December 31, 2020 - \$9,879) and this amount is included in amounts payable and other liabilities.

Related party transactions

During the three months ended March 31, 2021, the Company also incurred legal fees of \$16,460 (three months ended March 31, 2020 - \$5,584) 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 March 31, 2021 amounts payable and other liabilities is \$44,512 due to Irwin Lowy LLP (December 31, 2020 - \$23,780).

During the three months ended March 31, 2021, salaries and benefits of \$55,001 (three months ended March 31, 2020 - \$75,000) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the March 31, 2021 amounts payable and other liabilities is \$532 due to the CEO and director of the Company (December 31, 2020 - \$nil).

DEVERON CORP. (Formerly Deveron UAS Corp.)**Notes to Condensed Interim Consolidated Financial Statements****For the Three Months Ended March 31, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

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

During the three months ended March 31, 2021, salaries and benefits of \$9,375 (three months ended March 31, 2020 - \$9,375) were paid to a director of its parent company, Greencastle.

During the three months ended March 31, 2021, salaries and benefits of \$nil (three months ended March 31, 2020 - \$5,625) were paid to directors of the Company.

During the three months ended March 31, 2021, the Company incurred rent expense of \$nil (three months ended March 31, 2020 - \$15,000) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive loss.

During the three months ended March 31, 2021, the Company incurred share-based payment expenses to officers, directors and key management personnel of \$320,807 (three months ended March 31, 2020 - \$69,646).

16. Segmented information

As at March 31, 2021, 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 March 31, 2021			
Current assets	\$ 433,541	\$ 5,957,753	\$ 6,391,294
Non-current assets	218,721	2,421,456	2,640,177
Three Months Ended March 31, 2021			
Revenues	322,051	345,675	667,726
Cost of services	83,837	200,221	284,058
Operating expenses	236,461	1,126,675	1,363,136

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
Three Months Ended March 31, 2020			
Revenues	12,671	270,749	283,420
Cost of services	-	103,208	103,208
Operating expenses	72,345	676,650	748,995

17. Events after the reporting period

- i. On April 6, 2021, the Company formed a Joint Venture ("JV") with A&L Canada Laboratories Inc. ("A&L"), and together have acquired the assets of Woods End Laboratories ("Woods End"), a US based leader in agricultural soil health testing. Woods End had 2020 unaudited revenue of US\$1.8M with EBITA of USD \$900,000. Deveron and A&L have been long-standing partners in Canada, providing turn-key soil health solutions for farmers and agribusiness across the country. With this acquisition, both companies deepen their strategic initiatives in the United States. Deveron and A&L have agreed to purchase the assets of Woods End for USD \$2,250,000 payable on closing, excluding customary holdback provisions, and working capital adjustments.
- ii. On April 27, 2021, the Company has appointed Pranay Joshi as VP - Engineering. The Company has granted Pranay 175,000 options to purchase common shares exercisable at a price of \$0.74 per common share. The options expire on April 27, 2026, vested over 3 years. The shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

DEVERON CORP. (Formerly Deveron UAS Corp.)

Notes to Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

17. Events after the reporting period (continued)

iii. On May 17, 2021, the Company entered into a definitive agreement (the “Definitive Agreement”) to acquire the assets of Tana Ag Solutions Group LLP (“Tana Ag”), an Oklahoma based digital agronomy company focused on soil health and yield improvement (the “Acquisition”). Tana Ag currently services 120,000 acres and has unaudited 2020 revenue of USD \$271,704 and EBITDA of \$98,171. This acquisition further accelerates Deveron’s strategy of increasing access to leading, local agronomists that influence key farm customer sin the United States. As consideration for the Acquisition, Deveron has agreed to:

- i. pay Tana Ag an initial cash payment of USD \$37,500 on each of the first two anniversaries of the signing of the Definitive Agreement; and
- ii. issue such number of common shares in the capital of the Company equal to USD \$37,500 at a price of \$0.82 per common share upon receipt of the approval of the TSXV and an additional number of common shares equal to USD \$27,400 at a price of \$0.82 per common share on each of the first two anniversaries of the signing of the Definitive Agreement.

Under the terms of the Acquisition if all milestones are met, Deveron has agreed to pay an additional USD \$909,440. Based on the achievement of certain milestones, the remaining USD \$909,440 would be payable as follows:

- i. USD \$125,000 in cash and issue such number of common shares equal to USD \$132,880 in the event that during the 12 month period (the first earn-out period), following the execution of the agreement, Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.
- ii. USD \$150,000 in cash and issue such number of common shares equal to USD \$156,800 in the event that during the 12 month period following the first earn-out period (the second earn-out period), Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.
- iii. USD \$150,000 in cash and issue such number of common shares equal to USD \$194,760 in the event that during the 12 month period following the second earn-out period, Tana Ag exceeds gross revenue for the prior twelve month period by at least USD \$1,000,000.