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**DEVERON CORP.**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2021**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**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 June 30, 2021	As at December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,161,673	\$ 6,217,046
Accounts receivable and other assets (note 4)	2,135,592	822,757
<b>Total current assets</b>	<b>4,297,265</b>	<b>7,039,803</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 5)	933,366	255,448
Right-of-use assets (note 6)	165,496	211,016
Goodwill (note 3)	7,400,187	1,867,305
<b>Total non-current assets</b>	<b>8,499,049</b>	<b>2,333,769</b>
<b>Total assets</b>	<b>\$ 12,796,314</b>	<b>\$ 9,373,572</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 7 and 16)	\$ 833,269	\$ 704,762
Lease liabilities (note 9)	74,523	101,342
<b>Total current liabilities</b>	<b>907,792</b>	<b>806,104</b>
<b>Non-current liabilities</b>		
Lease liabilities (note 9)	100,851	106,027
Loans payable (note 8)	132,224	183,880
Deferred revenue	18,437	18,437
Other financial liabilities - contingent consideration (note 10)	734,180	-
<b>Total non-current liabilities</b>	<b>985,692</b>	<b>308,344</b>
<b>Total liabilities</b>	<b>1,893,484</b>	<b>1,114,448</b>
<b>Shareholders' Equity</b>		
Share capital (note 11(a)(b))	11,281,913	9,970,106
Reserves (notes 3, 12 and 13)	4,580,703	3,010,915
Non-controlling interest	1,591,988	-
Deficit	(6,551,774)	(4,721,897)
<b>Total shareholders' equity</b>	<b>10,902,830</b>	<b>8,259,124</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 12,796,314</b>	<b>\$ 9,373,572</b>

*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 18)**

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

	<b>Three Months Ended June 30, 2021</b>	<b>Three Months Ended June 30, 2020</b>	<b>Six Months Ended June 30, 2021</b>	<b>Six Months Ended June 30, 2020</b>
<b>Revenues</b>				
Data collection	\$ 762,152	\$ 499,612	\$ 1,029,926	\$ 639,398
Data analytics	1,069,926	624,255	1,469,878	767,889
	<b>1,832,078</b>	<b>1,123,867</b>	<b>2,499,804</b>	<b>1,407,287</b>
<b>Cost of services</b>				
Cost of services (note 15)	(572,947)	(198,236)	(857,005)	(301,444)
<b>Gross margin</b>	<b>1,259,131</b>	<b>925,631</b>	<b>1,642,799</b>	<b>1,105,843</b>
<b>Operating expenses (income)</b>				
Salaries and benefits (note 16)	954,361	469,047	1,574,948	866,680
Share-based payments (note 12)	218,467	12,293	539,274	81,939
Office and general	509,792	154,066	675,223	308,514
Professional fees (note 16)	117,428	59,151	220,697	88,745
Depreciation (notes 5 and 6)	74,750	55,622	125,927	106,090
Business development	26,172	5,020	70,979	22,555
Shareholder relations	27,562	26,607	65,349	38,819
Travel	51,686	25,047	64,171	39,816
Interest expense (note 9 and 10)	8,352	(2,533)	24,462	10,158
Bad debts	-	45,464	2,227	45,464
Non-controlling interest	115,958	-	115,958	-
Gain on disposition of property, plant and equipment (note 5)	-	-	-	(1,720)
Interest income	(1,381)	(376)	(3,967)	(8,657)
Loss on foreign exchange translation	11,563	-	2,598	-
	<b>2,114,710</b>	<b>849,408</b>	<b>3,477,846</b>	<b>1,598,403</b>
<b>Total comprehensive (loss) income for the period</b>	<b>\$ (855,579)</b>	<b>\$ 76,223</b>	<b>\$ (1,835,047)</b>	<b>\$ (492,560)</b>
<b>Basic and diluted net (loss) income per common share (note 14) - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ 0.00</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>71,171,406</b>	<b>49,898,024</b>	<b>71,317,926</b>	<b>44,111,802</b>

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)**

	<b>Six Months Ended June 30, 2021</b>	<b>Six Months Ended June 30, 2020</b>
<b>Operating activities</b>		
Net loss for the period	\$ (1,835,047)	\$ (492,560)
Depreciation (notes 5 and 6)	125,927	106,090
Share-based payments (note 12)	539,274	81,939
Interest expense (note 9)	16,110	10,158
Gain on disposition of property, plant and equipment (note 5)	-	(1,720)
Bad debts	2,227	45,464
Foreign exchange loss	238,559	-
Changes in non-cash working capital items:		
Accounts receivable and other assets	(1,123,687)	(56,102)
Inventory	-	14,088
Amounts payable and other liabilities	67,631	(405,680)
Deferred revenue	-	1,886
Lease payments (note 9)	(48,105)	(58,294)
<b>Net cash used in operating activities</b>	<b>(2,017,111)</b>	<b>(754,731)</b>
<b>Investing activities</b>		
Cash payment for the acquisition of Farm Dog (note 3)	(126,841)	-
Cash payment for the acquisition of Tana Ag (note 3)	(45,915)	-
Cash payment for the acquisition of Stealth Ag (note 3)	(1,096,564)	-
Cash payment for the acquisition of Woods (note 3)	(1,536,276)	-
Cash payment for the acquisition of Better Harvest Inc.	-	(229,515)
Purchase of property, plant and equipment (note 5)	(180,813)	(1,443)
Proceeds from sale of property, plant and equipment (note 5)	-	16,458
<b>Net cash used in investing activities</b>	<b>(2,986,409)</b>	<b>(214,500)</b>
<b>Financing activities</b>		
Cash acquired from the acquisition of Better Harvest Inc	-	23,582
Proceeds on loans payable	-	107,050
Non-current loan repayment	(4,491)	-
Issue of common shares for private placements (note 11)	-	1,360,000
Share issue costs	-	(54,824)
Exercise of warrants	948,138	-
Exercise of options	4,500	-
<b>Net cash provided by financing activities</b>	<b>948,147</b>	<b>1,435,808</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,055,373)</b>	<b>466,577</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>6,217,046</b>	<b>1,277,904</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,161,673</b>	<b>\$ 1,744,481</b>
<b>Cash</b>	<b>\$ 2,161,673</b>	<b>\$ 1,093,532</b>
<b>Cash equivalents</b>	<b>-</b>	<b>650,949</b>
<b>Cash and cash equivalents</b>	<b>\$ 2,161,673</b>	<b>\$ 1,744,481</b>

*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	Warrants	Reserves		Non-controlling Interest	Total
			Contributed Surplus	Deficit		
<b>Balance, December 31, 2019</b>	<b>\$ 5,288,542</b>	<b>\$ 2,204,543</b>	<b>\$ 1,590,889</b>	<b>\$ (5,964,903)</b>	<b>\$ -</b>	<b>\$ 3,119,071</b>
Common shares issued for private placements (note 11(b)(i)(ii))	1,360,000	-	-	-	-	1,360,000
Warrants issued for private placements (note 11(b)(i)(ii))	(433,318)	433,318	-	-	-	-
Share issue costs (note 11(b)(i)(ii))	(91,199)	36,375	-	-	-	(54,824)
Expiry of warrants	-	(2,108,829)	-	2,108,829	-	-
Stock options expired and cancelled	-	-	(331,650)	331,650	-	-
Share-based payments (note 12(vi))	-	-	81,939	-	-	81,939
Net loss for the period	-	-	-	(492,560)	-	(492,560)
<b>Balance, June 30, 2020</b>	<b>\$ 6,124,025</b>	<b>\$ 565,407</b>	<b>\$ 1,341,178</b>	<b>\$ (4,016,984)</b>	<b>\$ -</b>	<b>\$ 4,013,626</b>
<b>Balance, December 31, 2020</b>	<b>\$ 9,970,106</b>	<b>\$ 2,113,248</b>	<b>\$ 897,667</b>	<b>\$ (4,721,897)</b>	<b>\$ -</b>	<b>\$ 8,259,124</b>
Common shares issued pursuant to acquisitions (note 3)	108,120	-	1,286,733	-	-	1,394,853
Exercise of warrants (note 11(b)(iii))	1,196,602	(248,464)	-	-	-	948,138
Exercise of options (note 11(b)(iv))	7,085	-	(2,585)	-	-	4,500
Stock options cancelled	-	-	(5,170)	5,170	-	-
Share-based payments (note 12(i)(ii)(iii)(iv)(v)(vi))	-	-	539,274	-	-	539,274
Non-controlling interest	-	-	-	-	1,591,988	1,591,988
Net loss for the period	-	-	-	(1,835,047)	-	(1,835,047)
<b>Balance, June 30, 2021</b>	<b>\$ 11,281,913</b>	<b>\$ 1,864,784</b>	<b>\$ 2,715,919</b>	<b>\$ (6,551,774)</b>	<b>\$ 1,591,988</b>	<b>\$ 10,902,830</b>

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

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# DEVERON CORP. (Formerly Deveron UAS Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 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.

On April 6, 2021, the Company completed the acquisition of Woods End Laboratories ("Woods End"). Refer to note 3.

On May 14, 2021, the Company completed the acquisition of Tana AG Solutions Group, LLC ("Tana Ag"). Refer to note 3.

On May 25, 2021, the Company completed the acquisition of Stealth Ag, Inc. ("Stealth Ag"). Refer to note 3.

As at June 30, 2021, 13.9% 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 June 30, 2021, the Company had an accumulated deficit of \$6,551,774 (December 31, 2020 - \$4,721,897). Comprehensive loss for the six months ended June 30, 2021 was \$1,835,047 (six months ended June 30, 2020 - \$492,560). 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.

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# DEVERON CORP. (Formerly Deveron UAS Corp.)

## Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 August 27, 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.

#### (b) Non-controlling interest

Non-controlling interest represents the minority shareholders' interest in the Company's less than wholly-owned subsidiary. On initial recognition, non-controlling interest is measured at its proportionate share of the acquisition-date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interest for the minority shareholders' share of changes to the subsidiary's equity. Changes in the Company's ownership interest that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

### 3. Acquisitions

#### (i) 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.

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## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Acquisitions (continued)

#### (i) Acquisition of Farm Dog (continued)

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.

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
Contingent consideration (earnout) (iii)		556,954
<b>Total consideration</b>	<b>\$</b>	<b>872,030</b>

#### Allocation of purchase price

Goodwill	\$	872,030
<b>Farm Dog net assets acquired</b>	<b>\$</b>	<b>872,030</b>

(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 fair value of the contingent consideration was determined by discounting the probability-weighted expected payment with a risk-adjusted annual discount rate of 15% to determine the present value of expected payments. The expected payment is determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the probability of each scenario.

#### (ii) Acquisition of Tana Ag

On May 17, 2021, the Company entered into a definitive agreement (the "Definitive Agreement") to acquire the assets of Tana Ag, an Oklahoma based digital agronomy company focused on soil health and yield improvement. Tana Ag currently services 120,000 acres and has unaudited 2020 revenue of USD \$271,704 and EBITDA of USD \$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:

1. 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
2. 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.



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## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Acquisitions (continued)

#### (ii) Acquisition of Tana Ag (continued)

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:

1. 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.
2. 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.
3. 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.

The allocation of the purchase price is as follows:

#### Purchase price allocation

Issuance of 55,335 common shares (i)	\$	45,375
Cash payment		45,915
Additional cash payment to be issued over the next two years		91,830
Additional 55,335 common shares to be issued (ii)		90,749
<b>Total consideration (iii)</b>	<b>\$</b>	<b>273,869</b>

#### Allocation of purchase price

Accounts receivable and other assets	\$	26,504
Property, plant and equipment		58,742
Amounts payable and other liabilities		(19,931)
Goodwill		208,554
<b>Tana Ag net assets acquired net of liabilities assumed</b>	<b>\$</b>	<b>273,869</b>

(i) For the purpose of determining the value of the purchase price consideration, the 55,335 common shares were valued at \$0.82 per share based on Deveron's closing price as of May 14, 2021.

(ii) For the purpose of determining the value of the purchase price consideration, the 55,335 common shares to be issued were valued at \$0.82 per share based on Deveron's closing price as of May 14, 2021 and was recorded as an addition to contributed surplus.

(iii) The additional USD \$909,409 contingent consideration was assigned a fair value of \$nil.

#### (iii) Acquisition of Stealth Ag

On May 26, 2021, the Company entered into an agreement to acquire the assets of Stealth Ag. As consideration for the acquisition, Deveron has agreed to:

1. pay Stealth Ag an initial cash payment of USD \$800,000, and repaid Stealth Ag's lender (Southeast Bank) USD \$106,526; an additional USD \$150,000 in cash payments annually over the next two years on the anniversary date; and
2. issue such number of common shares in the capital of the Company equal to USD \$175,000 at a price of \$0.86 per common share and an additional 263,808 common shares equal to USD \$187,500 at a price of \$0.86 per common share on each of the first two anniversaries of the signing of the agreement.

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## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 3. Acquisitions (continued)

#### (iii) Acquisition of Stealth Ag (continued)

Under the terms of the acquisition if all milestones are met, Deveron has agreed to pay an additional USD \$270,000. Based on the achievement of certain milestones, the remaining USD \$270,000 would be payable as follows:

1. USD \$40,000 in cash and issue such number of common shares equal to USD \$40,000 in the event that during the 12 month period following the execution of the agreement, Stealth Ag gross revenue equals or exceeds USD \$1,000,000.
2. USD \$50,000 in cash and issue such number of common shares equal to USD \$50,000 in the event that during the 12 month period following the first earn-out period (the second earn-out period), Stealth Ag gross revenue equal or exceeds USD \$1,250,000.
3. Issue such number of common shares equal to USD \$90,000 in the event that during the two year period following the second earn-out period, Stealth Ag onboards 400,000 acres from the seller's customer base.

The allocation of the purchase price is as follows:

#### Purchase price allocation

Base purchase price paid in cash on closing	\$ 967,707
Repayment of Stealth ag lender	128,857
Additional cash payment to be issued over the next two years	294,977
Additional 773,837 common shares to be issued (i)(ii)	580,583
Contingent consideration (earnouts) (iii)	258,011
<b>Total consideration</b>	<b>\$ 2,230,135</b>

#### Allocation of purchase price

Accounts receivable and other assets	\$ 22,452
Property, plant and equipment	505,009
Amounts payable and other liabilities	(22,060)
Goodwill	1,724,734
<b>Stealth Ag net assets acquired net of liabilities assumed</b>	<b>\$ 2,230,135</b>

(i) For the purpose of determining the value of the purchase price consideration, the 246,221 common shares were valued at \$0.86 per share based on Deveron's closing price as of May 26, 2021. These shares were not yet issued as of June 30, 2021, and as such was recorded as an addition to contributed surplus.

(ii) For the purpose of determining the value of the purchase price consideration, the 527,616 common shares to be issued over the next two years were valued at \$0.86 per share based on Deveron's closing price as of May 26, 2021 and was recorded as an addition to contributed surplus.

(iii) The fair value of the contingent consideration was determined by discounting the probability-weighted expected payment with a risk-adjusted annual discount rate of 15% to determine the present value of expected payments. The expected payment is determined by considering the possible scenarios of forecast revenue, the amount to be paid under each scenario and the probability of each scenario.

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**DEVERON CORP. (Formerly Deveron UAS Corp.)****Notes to Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended June 30, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

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**3. Acquisitions (continued)****(iv) Acquisition of Woods End**

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 USD \$1.8M with EBITDA of USD \$900,000. The Company and A&L have created a joint venture under the name Woods End which will own 100% of the assets of Woods End and was funded on a pro-rata basis with Deveron owning 51% and A&L owning 49%. The Company 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.

The allocation of the purchase price is as follows:

**Purchase price allocation**

Cash paid to Woods End on closing - base purchase price	\$ 2,829,266
Working capital adjustment paid on closing	183,039
<b>Total consideration (i)</b>	<b>\$ 3,012,305</b>

Deveron 51% interest in Woods End (i)	1,536,276
A&L 49% interest in Woods End (i)	1,476,029
<b>Total consideration</b>	<b>\$ 3,012,305</b>

**Allocation of purchase price**

Accounts receivable and other assets	\$ 245,614
Property, plant and equipment	62,873
Amounts payable and other liabilities	(23,746)
Goodwill	2,727,564
Non-controlling interest (i)	(1,476,029)
<b>Woods End net assets acquired net of liabilities assumed (i)</b>	<b>\$ 1,536,276</b>

(i) Deveron accounted for its 51% controlling interest in this JV as a business combination, consolidating all of the net assets and income. The Company recorded non-controlling interest, representing A&L's 49% interest in the net assets at the date of acquisition.

**(v) Goodwill**

The allocation of the purchase price was recorded as goodwill.

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<b>Balance, December 31, 2020</b>	<b>\$ 1,867,305</b>
Addition Farm Dog	872,030
Addition Tana Ag	208,554
Addition Stealth Ag	1,724,734
Addition Woods End	2,727,564
<b>Balance, June 30, 2021</b>	<b>\$ 7,400,187</b>

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

For the Three and Six Months Ended June 30, 2021

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(Unaudited)

**4. Accounts receivable and other assets**

	As at June 30, 2021	As at December 31, 2020
Account receivable	\$ 1,951,080	\$ 688,341
Other receivables	106,520	90,362
Prepays	77,992	44,054
	<b>\$ 2,135,592</b>	<b>\$ 822,757</b>

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

	As at June 30, 2021	As at December 31, 2020
Less than 1 month	\$ 1,554,300	\$ 529,841
1 to 3 months	389,799	130,009
Greater than 3 months	191,493	162,907
Total accounts receivable and other assets	<b>\$ 2,135,592</b>	<b>\$ 822,757</b>

**5. Property, plant and equipment**

<b>COST</b>	<b>Equipment</b>	<b>Drones</b>	<b>Vehicles</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	\$ 287,517	\$ 482,223	\$ 104,671	\$ 874,411
Additions	120,601	-	60,212	180,813
Additions pursuant to the acquisitions (note 3)	626,624	-	-	626,624
<b>Balance, June 30, 2021</b>	<b>\$ 1,034,742</b>	<b>\$ 482,223</b>	<b>\$ 164,883</b>	<b>\$ 1,681,848</b>
<b>ACCUMULATED DEPRECIATION</b>	<b>Equipment</b>	<b>Drones</b>	<b>Vehicles</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	\$ 120,290	\$ 482,223	\$ 16,450	\$ 618,963
FX and other	43,459	-	5,653	49,112
Depreciation	57,478	-	22,929	80,407
<b>Balance, June 30, 2021</b>	<b>\$ 221,227</b>	<b>\$ 482,223</b>	<b>\$ 45,032</b>	<b>\$ 748,482</b>
<b>CARRYING AMOUNT</b>	<b>Equipment</b>	<b>Drones</b>	<b>Vehicles</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	\$ 167,227	\$ -	\$ 88,221	\$ 255,448
<b>Balance, June 30, 2021</b>	<b>\$ 813,515</b>	<b>\$ -</b>	<b>\$ 119,851</b>	<b>\$ 933,366</b>

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

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**DEVERON CORP. (Formerly Deveron UAS Corp.)****Notes to Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended June 30, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

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**6. Right-of-use assets**

	Vehicles	Leasehold improvements	Total
<b>Balance, December 31, 2020</b>	\$ 117,434	\$ 93,582	\$ 211,016
Depreciation	(40,321)	(5,199)	(45,520)
<b>Balance, June 30, 2021</b>	\$ 77,113	\$ 88,383	\$ 165,496

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

**7. Amounts payable and other liabilities**

Amounts payable and other liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities.

	As at June 30, 2021	As at December 31, 2020
Amounts payable	\$ 613,723	\$ 298,215
Accrued liabilities	94,479	236,398
Other payables	125,067	170,149
<b>Total amounts payable and other liabilities</b>	<b>\$ 833,269</b>	<b>\$ 704,762</b>

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

	As at June 30, 2021	As at December 31, 2020
Less than 1 month	\$ 592,366	\$ 591,476
1 to 3 months	151,244	-
Greater than 3 months	89,659	113,286
<b>Total amounts payable and other liabilities</b>	<b>\$ 833,269</b>	<b>\$ 704,762</b>

**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. During the six months ended June 30, 2021, the Company filed for an additional \$20,000 loan, which was approved.

## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

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#### 8. Loans payable (continued)

(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 PPP Loan was forgiven in full in June 2021.

During the six months ended June 30, 2021, the Company received aggregate wage subsidies of \$87,831 in connection with Covid-19 government relief programs. In accordance with its accounting policy, the subsidies were recorded in operations.

(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 six months ended June 30, 2021, the Company has repaid \$9,015 (December 31, 2020 - \$11,551). The balance outstanding as of June 30, 2021 is \$72,224.

#### 9. Lease liabilities

<b>Balance, December 31, 2020</b>	<b>\$ 207,369</b>
Interest expense	16,110
Lease payments	(48,105)
<b>Balance, June 30, 2021</b>	<b>\$ 175,374</b>

#### Allocated as:

Current	\$ 74,523
Non-current	100,851
<b>Balance, June 30, 2021</b>	<b>\$ 175,374</b>

#### 10. Other financial liabilities - contingent consideration

	Farm Dog (i)	Tana Ag (ii)	Stealth Ag (iii)	Total
<b>Balance, December 31, 2020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Additions	237,221	91,830	382,810	711,861
Accretion expense	11,164	-	4,538	15,702
FX on accretion	(2,887)	-	9,504	6,617
<b>Balance, June 30, 2021</b>	<b>\$ 245,498</b>	<b>\$ 91,830</b>	<b>\$ 396,852</b>	<b>\$ 734,180</b>

(i) On February 19, 2021, the Company acquired Farm Dog. In connection with the transaction, the Company has agreed to pay an additional USD \$750,000 based on the achievement of certain milestones. Refer to note 3.

(ii) On May 17, 2021, the Company acquired Tana Ag. In connection with the transaction, the Company has agreed to pay an additional \$91,830 based on the achievement of certain milestones. Refer to note 3.

(iii) On May 26, 2021, the Company acquired Stealth Ag. In connection with the transaction, the Company has agreed to pay an additional USD \$270,000 based on the achievement of certain milestones. Refer to note 3.

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**DEVERON CORP. (Formerly Deveron UAS Corp.)****Notes to Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended June 30, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

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**11. 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

	<b>Number of common shares</b>	<b>Amount</b>
<b>Balance, December 31, 2019</b>	<b>38,131,086</b>	<b>\$ 5,288,542</b>
Private placements (i)(ii)	13,600,000	1,360,000
Warrant valuation (i)(ii)	-	(433,318)
Broker warrant valuation (ii)	-	(36,375)
Share issue costs	-	(54,824)
<b>Balance, June 30, 2020</b>	<b>51,731,086</b>	<b>\$ 6,124,025</b>
<b>Balance, December 31, 2020</b>	<b>68,279,558</b>	<b>\$ 9,970,106</b>
Shares issued pursuant to the acquisition of Farm Dog and Tana Ag (note 3)	153,374	108,120
Exercise of warrants (iii)	4,659,501	1,196,602
Exercise of options (iv)	15,000	7,085
<b>Balance, June 30, 2021</b>	<b>73,107,433</b>	<b>\$ 11,281,913</b>

(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.

## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2021

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#### 11. Share capital (continued)

##### b) Common shares issued (continued)

(iii) During the six months ended June 30, 2021, 425,000 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$85,000, 60,750 warrants were exercised at a price of \$0.45 for gross proceeds of \$27,338, 7,000 warrants were exercised for gross proceeds of \$2,450 and 4,166,751 warrants were exercised at a price of \$0.20 for gross proceeds of \$833,350. \$248,464 was reclassified from warrant reserve for a fair value amount of \$1,196,602.

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

#### 12. Stock options

The following table reflects the continuity of options for the periods ended June 30, 2021 and 2020:

	Number of options	Weighted average exercise price (\$)
<b>Balance, December 31, 2019</b>	<b>6,795,000</b>	<b>0.34</b>
Cancelled	(1,400,000)	0.37
Expired	(160,000)	0.38
<b>Balance, June 30, 2020</b>	<b>5,235,000</b>	<b>0.34</b>
<b>Balance, December 31, 2020</b>	<b>3,775,000</b>	<b>0.33</b>
Granted (i)(ii)(iii)(iv)(v)	2,225,000	0.49
Cancelled	(15,000)	0.30
Exercised (note 11(b)(iv))	(15,000)	0.30
<b>Balance, June 30, 2021</b>	<b>5,970,000</b>	<b>0.42</b>

(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 and six months ended June 30, 2021, \$84,865 and \$295,682, respectively (three and six months ended June 30, 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 and six months ended June 30, 2021, \$11,729 and \$72,950, respectively (three and six months ended June 30, 2020 - \$nil) was expensed to share-based payments.



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**12. Stock options (continued)**

(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 and six months ended June 30, 2021, \$7,456 and \$44,901, respectively (three and six months ended June 30, 2020 - \$nil) was expensed to share-based payments.

(iv) On April 27, 2021, the Company granted 200,000 stock options to an officer of the Company. The stock options, at a price of \$0.74 per share, will expire in five years from the issue date. A fair value of \$121,517 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.74; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 0.96%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three and six months ended June 30, 2021, \$46,424 (three and six months ended June 30, 2020 - \$nil) was expensed to share-based payments.

(v) On June 24, 2021, the Company granted 300,000 stock options to an officer of the Company. The stock options, at a price of \$0.80 per share, will expire in five years from the issue date. A fair value of \$197,434 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.80; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 119%; risk-free interest rate - 1.00%; and an expected life - 5 year. The options vested one third immediately, one third on the second and third anniversary. During the three and six months ended June 30, 2021, \$66,563 (three and six months ended June 30, 2020 - \$nil) was expensed to share-based payments.

(vi) The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended June 30, 2021, amounted to \$1,430 and \$12,754, respectively (three and six months ended June 30, 2020 - \$12,293 and \$81,939, respectively).

Details of the stock options outstanding as at June 30, 2021 are as follows:

<b>Fair value (\$)</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Exercisable options</b>	<b>Number of options</b>	<b>Weighted average exercise price (\$)</b>	<b>Expiry date</b>
87,124	0.73	335,000	545,000	0.30	March 24, 2022
177,773	1.00	1,000,000	1,000,000	0.30	July 1, 2022
545,360	1.40	1,700,000	1,700,000	0.37	November 22, 2022
92,408	1.40	500,000	500,000	0.30	November 22, 2022
295,682	2.55	306,250	1,225,000	0.43	January 15, 2024
72,950	4.65	108,333	325,000	0.64	February 22, 2026
44,901	4.70	58,333	175,000	0.75	March 12, 2026
66,563	4.83	66,667	200,000	0.74	April 27, 2026
46,424	4.99	100,000	300,000	0.80	June 24, 2026
1,429,185	1.66	4,174,583	5,970,000	0.42	

## DEVERON CORP. (Formerly Deveron UAS Corp.)

### Notes to Condensed Interim Consolidated Financial Statements

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#### 13. Warrants

The following table reflects the continuity of warrants for the six months ended June 30, 2021 and 2020:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2019</b>	<b>10,751,698</b>	<b>0.49</b>
Issued for private placements (note 11(b)(i)(ii))	7,220,000	0.20
Expired	(9,814,198)	0.49
<b>Balance, June 30, 2020</b>	<b>8,157,500</b>	<b>0.23</b>
<b>Balance, December 31, 2020</b>	<b>16,167,025</b>	<b>0.33</b>
Exercised (note 11(b)(iii))	(4,659,501)	0.20
<b>Balance, June 30, 2021</b>	<b>11,507,524</b>	<b>0.38</b>

The following table reflects the warrants issued and outstanding as of June 30, 2021:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
25,000	3,910	0.20	October 6, 2021
2,583,999	228,122	0.20	October 16, 2021
8,203,861	1,490,971	0.45	December 23, 2022
694,664	141,781	0.35	December 23, 2022
<b>11,507,524</b>	<b>1,864,784</b>		

#### 14. Net loss (income) per common share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2021 was based on the loss attributable to common shareholders of \$855,579 and \$1,835,047, respectively (three and six months ended June 30, 2020 - net (income) loss of \$(76,223) and \$492,560, respectively) and the weighted average number of common shares outstanding of 71,171,406 and 71,317,926, respectively (three and six months ended June 30, 2020 - 49,898,024 and 44,111,802, respectively). Diluted loss per share for the three and six months ended June 30, 2021, presented did not include the effect of 11,507,524 warrants (three and six months ended June 30, 2020 - 8,157,500 warrants) and 5,970,000 stock options (three and six months ended June 30, 2020 - 5,235,000 stock options) as they are anti-dilutive.

#### 15. Cost of services

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Agronomic services and laboratory fees	\$ 475,479	\$ 118,683	\$ 649,078	\$ 131,832
Software and processing fees	36,675	46,736	82,404	121,599
Drone maintenance and equipment	22,286	27,119	73,431	34,809
Travel and training	20,561	5,698	34,146	13,204
Other costs	17,946	-	17,946	-
<b>Cost of services</b>	<b>\$ 572,947</b>	<b>\$ 198,236</b>	<b>\$ 857,005</b>	<b>\$ 301,444</b>

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## **DEVERON CORP. (Formerly Deveron UAS Corp.)**

### **Notes to Condensed Interim Consolidated Financial Statements**

**For the Three and Six Months Ended June 30, 2021**

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**(Unaudited)**

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#### **16. Major shareholder and related party transactions**

##### **Major shareholder**

At June 30, 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 13.9% (December 31, 2020 - 15.8%) of the issued and outstanding common shares of the Company. The remaining 86.1% (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 13.9% (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 and six months ended June 30, 2021, the Company incurred professional fees of \$26,546 and \$38,625, respectively (three and six months ended June 30, 2020 - \$22,464 and \$32,513, respectively) 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 June 30, 2021, the group of companies was owed \$6,045 (December 31, 2020 - \$9,879) and this amount is included in amounts payable and other liabilities.

##### **Related party transactions**

During the three and six months ended June 30, 2021, the Company also incurred legal fees of \$2,791 and \$19,251, respectively (three and six months ended June 30, 2020 - \$18,481 and \$24,065, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the June 30, 2021 amounts payable and other liabilities is \$nil due to Irwin Lowy LLP (December 31, 2020 - \$23,780).

During the three and six months ended June 30, 2021, salaries and benefits of \$73,750 and \$128,751, respectively (three and six months ended June 30, 2020 - \$45,000 and \$120,000, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the June 30, 2021 amounts payable and other liabilities is \$532 due to the CEO and director of the Company (December 31, 2020 - \$nil).

During the three and six months ended June 30, 2021, salaries and benefits of \$9,375 and \$18,750, respectively (three and six months ended June 30, 2020 - \$9,375 and \$18,750, respectively) were paid to a director of its parent company, Greencastle.

During the three and six months ended June 30, 2021, salaries and benefits of \$nil (three and six months ended June 30, 2020 - \$16,875 and \$22,500, respectively) were paid to directors of the Company.

During the three and six months ended June 30, 2021, the Company incurred rent expense of \$7,500 and \$15,000, respectively (three and six months ended June 30, 2020 - \$7,950 and \$22,950, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive (loss) income. Included in the June 30, 2021 amounts payable and other liabilities is \$7,500 due to Greencastle (December 31, 2020 - \$nil).

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**DEVERON CORP. (Formerly Deveron UAS Corp.)****Notes to Condensed Interim Consolidated Financial Statements****For the Three and Six Months Ended June 30, 2021****(Expressed in Canadian Dollars)****(Unaudited)**

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

During the three and six months ended June 30, 2021, the Company incurred share-based payment expenses to officers, directors and key management personnel for the three and six months of \$105,482 and \$426,289, respectively (three and six months ended June 30, 2020 - \$12,293 and \$81,939, respectively).

**17. Segmented information**

As at June 30, 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:

<b>Operating segment</b>	<b>USA</b>	<b>Canada</b>	<b>Total</b>
<b>As at June 30, 2021</b>			
Current assets	\$ 1,318,234	\$ 2,979,031	\$ 4,297,265
Non-current assets	5,858,973	2,640,076	8,499,049
<b>Six Months Ended June 30, 2021</b>			
Revenues	1,627,456	872,348	2,499,804
Cost of services	307,289	549,716	857,005
Operating expenses	1,183,138	2,294,708	3,477,846

<b>Operating segment</b>	<b>USA</b>	<b>Canada</b>	<b>Total</b>
<b>As at December 31, 2020</b>			
Current assets	\$ 343,857	\$ 6,695,946	\$ 7,039,803
Non-current assets	-	2,333,769	2,333,769
<b>Six Months Ended June 30, 2020</b>			
Revenues	596,676	810,611	1,407,287
Cost of services	3	301,441	301,444
Operating expenses	240,467	1,357,936	1,598,403

**18. Events after the reporting period**

- i. On August 3, 2021, the Company announced a non-brokered private placement financing for gross proceeds of \$3,500,000 through the issuance of 5,384,615 units of the Company at a price of \$0.65 per unit (the "Offering"). Each unit is comprised of one common share in the capital of the company, and one-half of one whole common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.85 per common share for a period of two years from the date of issuance. Gross proceeds raised from the Offering will be used for working capital and general corporate purposes.
- ii. On August 17, 2021, the Company announced that further to its press release on August 3, 2021, due to investor demand, the non-brokered private placement financing had increased for gross proceeds of \$8,210,957 through the issuance of 12,632,242 units of the Company at a price of \$0.65 per unit. The Company also announced that it has closed the first tranche of the Offering through the issuance of 11,397,430 Units for gross proceeds of \$7,408,329. All securities issued are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation. In connection with the offering, the Company paid certain eligible persons a cash commission in total of \$516,664, equal to 8% of the gross proceeds of the Offering delivered by the finders, and issued a total of 794,813 non-transferable broker warrants, equal to 8% of the units delivered by finders pursuant to the offering. Each broker warrant entitles the holder to purchase one common share for a period of two years from the closing of the offering at a price of \$0.65 per common share.

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## **DEVERON CORP. (Formerly Deveron UAS Corp.)**

### **Notes to Condensed Interim Consolidated Financial Statements**

**For the Three and Six Months Ended June 30, 2021**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **18. Events after the reporting period (continued)**

- iii. On August 24, 2021, the Company announced that it has closed the final tranche of its \$8,210,957 private placement, through the issuance of 1,229,620 units in the capital of the Company at a price of \$0.65 per unit for gross proceeds of \$799,253. In connection with the Offering, the company paid finders a cash commission in total of \$33,606, equal to 8% of the gross proceeds of the offering delivered by finders and issued a total of 51,701 non-transferable broker warrants.