



DEVERON CORP.

**"INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS"**
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

DEVERON CORP.

Interim Management's Discussion and Analysis - Quarterly Highlights

Three Months Ended March 31, 2022

Dated: May 30, 2022

Introduction

The following Interim Management Discussion & Analysis ("Interim MD&A") of Deveron Corp. ("Deveron" or the "Company") for the three months ended March 31, 2022 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2022. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2021, and December 31, 2020, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 30, 2022, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Deveron common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
Growth of Deveron's business in the data acquisition and data analytics sector will be significant and profitable.	Financing will be available for the continued growth of data acquisition and data analytics sector	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; changes in economic conditions
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending March 31, 2023. The Company expects to incur further losses in the development of its business Should the Company not raise sufficient capital or have adequate profits (defined as revenues less expenses), it may cease to be a reporting issuer	The operating activities of the Company for the twelve-month period ending March 31, 2023, and the costs associated therewith, will be consistent with Deveron's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Deveron	Changes in debt and equity markets; ongoing uncertainties relating to the COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Deveron's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Deveron's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Deveron was incorporated under the laws of the Province of Ontario on March 28, 2011.

Deveron (TSX-V: FARM) is a leading agriculture data company based in Toronto, Ontario. The company provides a variety of analytical data and field services for the North American agricultural industry. Deveron acquires and operates local farm advisors and soil laboratories, who then leverage the Company's standardized data solutions and technology platforms to grow their businesses. Deveron is a leading provider of carbon sequestration data, serving many of the largest agriculture companies with field and analytical support for their carbon programs. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

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On August 31, 2020, the Company changed its corporate name from Deveron UAS Corp. to Deveron Corp. 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 the TSXV under the symbol "FARM".

Operational Highlights

Corporate

On January 18, 2022, the Company granted 1,600,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of \$0.75 per share, will expire in six years from the issue date.

On February 25, 2022, the Company announced a public offering for gross proceeds of \$11,500,000 through the issuance of 16,428,573 units in the capital of the Company at a price of \$0.70 per unit. Each Unit is comprised of one common share in the Company and one-half of one whole Common Share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share at a price of \$0.90 per Common Share for a period of two years from the date of issuance.

On March 9, 2022, the Company announced a non-brokered private placement for gross proceeds of \$600,000 through the issuance of 857,143 units in the capital of the Company at a price of \$0.70 per unit. Each Unit is comprised of one common share in the Company and one-half of one whole Common Share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share at a price of \$0.90 per Common Share for a period of two years from the date of issuance.

During the three months ended March 31, 2022, 195,000 warrants were exercised at a price of \$0.45 per unit for gross proceeds of \$87,750 and 20,000 warrants were exercised at a price of \$0.35 for gross proceeds of \$7,000.

Company Update

There are almost 1 billion acres of farmland in North America, and it is estimated that, currently, data and technology are applied in making input decisions (such as seeding, fertilizer use etc.) on only 30% of this total area under cultivation.

Science and technology can have a significant role to play in improving farm outcomes; including yields, profitability and climate impact.

Deveron is a growing company focused on the North American agriculture market that provides:

- Data collection services via soil sampling, drones, and other methods
- Data insights to better manage inputs like fertilizer, seed, water and other crop protection that is based on highly localized data and farm variability
- Carbon sequestration data services, serving many of the largest agriculture companies with field and analytical support for their carbon programs
- Standardized data solutions and technology platforms that helps farmers, agronomists and agri-businesses record, organize and leverage on-farm information to make better decisions.
- Agricultural laboratories and soil health testing services such as Solvita soil health tests

Deveron provides these services directly through:

- Our online presence at www.deveron.com
- Our growing network of local agronomists and partner channels

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- Our digital affiliations with multi-national input companies

Deveron is focused on removing the subjective decision making of farming and making it easy for any grower, using any brand of input or equipment, to use data to make more money on the farm.

Acquisition of Agri-Labs Inc.

On March 10, 2022, the Company entered into a definitive agreement to acquire the assets of Agri-Labs, Inc. ("Agri-Labs") a leading soil lab and agronomy company that services Indiana, Michigan, and Ohio (the "Acquisition"). Agri-Labs conducts approximately 45,000 soil tests annually and provides clients with sampling services and prescription recommendations across 100,000 acres. As consideration for the Acquisition, Deveron has agreed to:

1. Pay Agri-Labs an initial cash payment of US\$420,000 upon signing of the Definitive Agreement, and US\$210,000 on each of the first two anniversaries of the signing of the Definitivive Agreement, and
2. issue such number of common shares in the capital of the company equal to US\$180,000 at a price of \$0.61 per common share upon receipt of the approval of the TSX Venture Exchange ("TSXV") and an additional number of common shares equal to US\$90,000 at a price of \$0.61 per common share on each of the first two annivesraries of the signing of the Definitive Agreement.

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of 375,000 common shares upon closing	\$ 228,750
Cash payment	546,483
Deferred cash consideration	536,674
Additional 375,000 common shares to be issued (ii)	228,750
Contingent consideration (earnout) (iii)	31,034
Total consideration	\$ 1,571,691

Allocation of purchase price

Property, plant and equipment	\$ 274,260
Goodwill	822,900
Intangible assets	474,531
Agri-labs net assets acquired net of liabilities assumed (i)	\$ 1,571,691

(i) For the purpose of determining the value of the purchase price consideration, the 375,000 common shares were valued at \$0.61 per share based on Deveron's closing price as of March 9, 2022.

(ii) For the purpose of determining the value of the purchase price consideration, the 375,000 common shares to be issued were valued at \$0.61 per share based on Deveron's closing price as of March 9, 2022 and was recorded as an addition to shares to be issued.

(iii) The Earnout (cash-settled) has a fair value of \$31,034 as of the date of acquisition and was recorded as "deferred and contingent consideration".

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Trends and Economic Conditions

Deveron's operations are focused within the agriculture marketplace. Soil health and tissue imagery and other data solutions will have a significant effect on this market by allowing farmers to reduce costs, strengthen yields and improve profitability. Other trend factors impacting agriculture are changes to applicable laws and regulations, weather conditions, rising fertilizer and agriculture costs, and the availability of qualified people and obtaining necessary services in jurisdictions where Deveron operates. The current trends relating to these factors could change at any time and negatively affect Deveron's operations and business.

Deveron is managing its business during uncertain market, political and economic conditions, including among others, geopolitical and other risks associated with our international operations, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers, including in relation to the evolving Ukraine/Russia conflict.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on the severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines; purchasing power of the Canadian and US dollar; and ability to obtain funding.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Major Shareholder and Related Party Transactions

Major shareholder

At March 31, 2022, Greencastle owned and/or exercised control over 10,145,500 common shares (December 31, 2022 - 10,145,500 common shares) of Deveron, representing approximately 9.5% (December 31, 2021 - 11.4%) of the issued and outstanding common shares of the Company. The remaining 90.5% (December 31, 2021 - 88.6%) of the shares are widely held, which includes various 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 9.5% (December 31, 2021 - 11.4%) 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, 2022, the Company incurred professional fees of \$30,295 (three months ended March 31, 2021 - \$12,079) 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, 2022, the group of companies was owed \$19,041 (December 31, 2021 - \$6,004) and this amount is included in amounts payable and other liabilities.

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Related party transactions

During the three months ended March 31, 2022, the Company also incurred legal fees of \$18,820 (three months ended March 31, 2021 - \$16,460) 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, 2022 amounts payable and other liabilities is \$15,423 due to Irwin Lowy LLP (December 31, 2022 - \$14,372).

During the three months ended March 31, 2022, the Company incurred rent expense of \$7,500 (three months ended March 31, 2021 - \$nil) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive loss. Included in the March 31, 2022 amounts payable and other liabilities is \$7,500 due to Greencastle (December 31, 2020 - \$7,500).

During the three months ended March 31, 2022, the Company incurred share-based payment expenses to officers, directors and key management personnel of \$96,987 (three months ended March 31, 2021 - \$320,807).

Outlook

For the immediate future, the Company intends to develop the data acquisition and analytics business. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. See "Cautionary Note Regarding Forward-Looking Statements", "Trends" and COVID-19 in "Events After The Reporting Period" and "Risk Factors".

The Company may need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See "Cautionary Note Regarding Forward-Looking Statements", "Trends and Economic Conditions" and COVID-19 Risks in "Risk Factors".

Key Performance Indicators

The Company monitors a number of key performance indicators to evaluate performance. Some of the key performance indicators used by management are recognized under IFRS, whereas others are non-IFRS measures and are not recognized under IFRS. These non-IFRS measures are provided as additional information to complement the IFRS measures by providing further understanding of our results of operations from management's perspective. We believe that non-IFRS financial measures are useful to investors and others in assessing our performance; however, these measures should not be considered as a substitute for reported IFRS measures nor should they be considered in isolation. As these measures are not recognized measures under IFRS, they do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. For a reconciliation of the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS, see section entitled "Non-IFRS Measures" below.

IFRS Measures

Revenue

The Company generates revenue by providing data collection and analytics services to the agricultural industry in Canada and the United States. Contracts for the Company's services, including carbon services, soil sampling, drone data etc., is based on the collection of on-farm data through the Company's network of soil sampling, drone and data technicians. The Company's products and services are also sold through dealers, affiliates and other companies that partner with the Company in certain regions.

Cost of Services

Cost of services includes agronomic services and laboratory fees, software and processing fees, employee-related expenses, subcontractor costs, and travel-related expenses that are directly related to the product and services that the Company provides.

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Gross Margin

Gross margin reflects our revenue less cost of services.

Operating expenses

Operating expenses consist primarily of salaries and benefits, office and general, share-based payments, depreciation and amortization among others. Salaries and benefits include employee related expenses for our sales and operations, product and engineering, general and administrative, and finance teams.

Office and general expenses consist primarily of travel, short-term rent, corporate and public relations, software subscriptions, bank charges, bad debts and insurance-related expenses among others.

Non-IFRS Measures

Adjusted EBITDA

Adjusted EBITDA is a supplemental measure used by management and other users of Deveron's financial statements, including Deveron's lenders and investors, to assess the financial performance of the Company's business without regard to financing methods or capital structure. Adjusted EBITDA is also a key metric that management uses prior to execution of any strategic investing or financing opportunity. For example, management uses Adjusted EBITDA as a measure in determining the value of acquisitions, expansion opportunities, and dispositions. In addition, Adjusted EBITDA is utilized by financial institutions to measure borrowing capacity. The Company believes that Adjusted EBITDA is useful to management, lenders, and investors in assessing the underlying performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements.

The Company defines Adjusted EBITDA as IFRS net loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, integration costs, and impairment of goodwill, property, plant, and equipment and right-of-use assets (ROU).

The following table reconciles Adjusted EBITDA to Net income (loss) for the periods indicated:

	For the three months ended	
	March 31, 2022	March 31, 2021
IFRS Net Loss	\$ (3,549,878)	\$ (979,468)
Interest	46,485	16,110
Depreciation & Amortization	429,689	51,177
Share Based Payments	447,306	320,807
Income Taxes	-	-
Adjusted EBITDA (Loss)	\$ (2,626,398)	\$ (591,374)

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Selected Financial Information

Certain selected financial information is set out below:

	For the three months ended	
	March 31, 2022	March 31, 2021
Total revenues	\$ 1,406,961	\$ 667,726
Gross Margin	737,674	383,668
Gross Margin %	52.4 %	57.5 %
Operating Expenses	4,287,552	1,363,136
Adjusted EBITDA (loss)	(2,626,398)	(591,374)
Net loss	\$ (3,549,878)	\$ (979,468)
Basic and diluted net loss per common share	\$ (0.04)	\$ (0.01)
Weighted Average Common Shares Outstanding	95,768,400	68,437,704

Consolidated results of operations:

	For the three months ended	
	March 31, 2022	March 31, 2021
Data Collection	\$ 627,472	\$ 267,774
Data Analytics	779,489	399,952
Total Revenue	1,406,961	667,726
Cost of services	(669,287)	(284,058)
Gross Margin	737,674	383,668
Expenses		
Salaries and benefits	1,855,371	620,587
Office and general	1,246,550	262,737
Share-based payments	447,306	320,807
Depreciation	310,725	51,177
Professional fees	251,107	103,269
Amortization of intangibles	118,964	-
Interest expense	46,485	16,110
Foreign exchange loss/(gain)	26,518	(8,965)
Interest income	(5,683)	(2,586)
Gain on disposition of PP&E	(9,791)	-
Operating Expenses	4,287,552	1,363,136
Net loss for the period	\$ (3,549,878)	\$ (979,468)

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Discussion of operations

Financial Highlights

Three months ended March 31, 2022, compared with three months ended March 31, 2021

Deveron's net loss totaled \$3,549,878 for three months ended March 31, 2022, with basic and diluted loss per share of \$0.04. This compares with a net loss of \$979,468 with basic and diluted loss per share of \$0.01 for the three months ended March 31, 2021. The increase of \$2,570,410 was principally due to the following:

- Total revenues increased by \$739,235 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. Data Collections revenue increased by \$359,698 as the Company experienced growth in its carbon services platform. Data Analytics revenue increased by \$379,537 as the Company's previous acquisitions experienced strong year-over-year growth.
- Cost of services increased by \$385,229 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase is closely related to the increase in revenue from acquisitions and existing customers.
- Salaries and benefits increased by \$1,234,784 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase is attributable to new acquisitions as well as an increase in headcount compared to the prior period.
- Office and general increased by \$983,813 for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. The increase is mainly attributable to the impact of acquisitions completed in the prior 12 months along with higher operating costs to support the company's growing operations.
- Share-based payments increased by \$126,499 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.
- Depreciation increased by \$259,548 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase is attributable to depreciation recorded on equipment, drones, vehicles and right-of-use assets acquired during the current and prior years.
- Professional fees increased by \$147,838 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase relates to increased corporate activity requiring external professional support, including the recent acquisition of Agri-Labs and other potential business combinations.
- Intangible amortization increased by \$118,964 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase relates to businesses acquired during the previous 12 month period.
- Interest expense increased by \$30,375 for the three months ended March 31, 2022, compared to the three months ended March 31, 2021. The increase is attributable to the lease liability recognition as well as on accretion on contingent consideration.

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Deveron's total assets at March 31, 2022 were \$30,485,546 (March 31, 2021 - \$22,767,377) against total liabilities of \$5,787,907 (March 31, 2021 - \$6,456,309). The increased in total assets of \$7,718,169 resulted from cash received from private placements, goodwill and intangible assets from acquisitions, which was offset by the cash spent on operating costs. The Company does have sufficient current assets to pay its existing liabilities of \$5,787,907 at March 31, 2022.

Cash Flow

At March 31, 2022, the Company had cash and cash equivalents of \$14,567,455. The increase in cash of \$7,700,325 from the December 31, 2021 cash balance of \$6,867,130 was a result of cash outflow in operating activities of \$2,019,240, cash outflow from investing activities of \$1,434,630 and cash inflow from financing activities of \$11,154,195. Operating activities were affected by depreciation of \$310,725, amortization of intangibles of \$118,964 share-based payments of \$447,306, interest expense of \$46,485, foreign exchange loss of \$69,399, and net change in non-cash working capital balances of \$547,550 because of a decrease in accounts receivable, prepaids and other receivables of \$1,112,610, a decrease in accounts payable, accrued and other current liabilities of \$478,177, and lease payments of \$161,138. Investing activities were affected by the cash payment of \$546,483 for the acquisition of Agri-Labs, \$823,575 for the contingent consideration of Agronomic Solutions, and \$93,222 for the purchase of property and equipment and offset by \$28,650 for the proceeds from the sale of property plant and equipment. Financing activities were affected by the public offering of \$11,500,000, issuance of common shares for private placements of \$600,000 exercise of warrants and options totaling \$94,750 and \$144,000 respectively. Financing activities were offset by loan repayments of \$10,574 and share issue costs of \$1,173,981.

Liquidity and Financial Position

The Company expects to be financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all. See "Cautionary Note Regarding Forward-Looking Statements", "Trends and Economic Conditions" and "Risk Factors".

As at March 31, 2022, the Company had a working capital surplus of \$12,705,327 (December 31, 2021 – working capital surplus of \$5,609,401). The Company's continuing operations are dependent on its ability to secure equity and/or debt financing.

In the following 12-month period, the business objective of Deveron is to grow its customer base through market awareness of its service offering to growers in Canada and the United States and through acquisitions. Deveron intends to focus on the following business objectives:

- a) Continue development and deployment of the data acquisition network to provide on demand data services to the agricultural industry across Canada and select strategic regions in the United States;
- b) Continue marketing campaign of service offering through current sales network;
- c) Continue to work with current and future partners on data integration and feasibility studies; and
- d) Build infrastructure for processing and storing data, leveraging our Farm Dog platforms.

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Risk Factors

Deveron operates in evolving markets, which makes it difficult to evaluate its business and future prospects.

Deveron cannot accurately predict the extent to which demand for its services will increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact Deveron's ability to do the following:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in its operations;
- develop and renew contracts;
- attract and retain other highly-qualified personnel;
- successfully develop and commercially market new services;
- adapt to new or changing policies; and
- access additional capital when required and on reasonable terms.

If Deveron fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

Deveron expects to incur research and development costs and devote resources to identifying and commercializing new services, which could significantly reduce its profitability and may never result in revenue to Deveron.

Deveron's future growth depends on penetrating new markets, adapting existing services to new applications, and introducing new services that achieve market acceptance. Deveron plans to incur research and development costs as part of its efforts to develop and commercialize new services and enhance existing products. Deveron believes that there are significant investment opportunities in a number of business areas. Because Deveron accounts for research and development as an operating expense, these expenditures will adversely affect its earnings in the future. Further, Deveron's research and development programs may not produce successful results, and its new services may not achieve market acceptance, create additional revenue or become profitable, which could materially harm its business, prospects, financial results and liquidity.

Covid-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

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Strategic & Operational Risks

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and development of Deveron's new business in the data acquisition and data analytics sector. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable under the pandemic but there can be no assurance that our ability to continue to operate our business will not be adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of the third parties to whom we outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

The acquisitions and integration of new businesses create risks and may affect operating results. The Company's Mergers and acquisitions ("M&A") strategy involves a number of risks related to the realization of synergies and overall integration of acquired businesses into the Company's operations, including but not limited to, human resources, company culture, product pricing, information technology, data integrity, information systems, business processes and financial management. COVID-19 may affect the ability of the Company to find new attractive acquisition opportunities and/or could impact the Company's ability to execute on the integration of pending acquisition opportunities.

Liquidity Risk and Capital Management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet out capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

Market Risk

The geopolitical environment and pandemic have created significant volatility in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. These factors could result in a global inflationary or recessionary environment with continued market volatility, which may continue to impact our financial condition.

Climate Change

Global climate change continues to attract considerable public, scientific and regulatory attention. Governments and regulatory bodies at the international, national, regional and local levels have introduced or may introduce legislative changes to respond to the potential impacts of climate change. Additional government action to regulate climate change, including regulations on carbon emissions and energy use, could increase direct and indirect costs to the Company's operations and may have a material adverse impact on the Company.

Based on risk assessments conducted by the Company, climate change is not an immediate material risk faced by the Company. However, as time goes on, it will likely have an impact on how the Company conducts its business.

DEVERON CORP.

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Public Company Obligations

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could have a material adverse impact on the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSXV, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Events After The Reporting Period

- a) On May 2, 2022, the Company entered into a definitive agreement with certain vendor shareholders to acquire a 67% equity interest in A&L Canada Laboratories East, Inc. ("A&L"), with an option to purchase the remaining 33% following the three-year anniversary of closing (the "Acquisition"). Total consideration payable to the vendor shareholders includes: (i) \$37.8 million in cash; (ii) \$4.9 million in promissory notes; and (iii) \$7.5 million or 13,688,182 common shares in the capital of the Company at a deemed issue price of \$0.55 per common share. The \$7.5 million in the Company's common shares will be distributed to a company controlled by Greg Patterson, one of the vendor shareholders who, upon closing of the Acquisition, is expected to continue as President, CEO and director of A&L and be appointed to Deveron's Board of Directors (subject to regulatory approval). A&L is one of the largest soil and tissue laboratories in Canada.

On May 24, 2022, the Company announced that it has completed its acquisition of a 67% equity interest in A&L. As previously announced, the Company financed the cash component of the purchase price of the Acquisition through: (i) a \$28.3 million credit facility provided by Toronto-Dominion Bank; (ii) a non-brokered private placement of \$10 million in unsecured convertible debentures (each, a "**Debenture**") at a price of \$1,000 per Debenture, which closed on May 18, 2022; and (iii) the Company's treasury cash.

- b) On May 10, 2022, the Company announced that intends to complete a non-brokered private placement of a minimum of \$5 million and a maximum of \$10 million in Debenture at a price of \$1,000 per Debenture (the "Offering"). On May 18, 2022, the Company closed its previously announced non-brokered private placement of 7.0% Debenture for aggregate gross proceeds of \$10 million. The private placement was completed in connection with Deveron's previously announced acquisition of a 67% equity interest in A&L. The issuance of the Debentures pursuant to the private placement were completed on a private placement and prospectus exemption basis, as applicable, such that the issuances are exempt from any applicable prospectus and securities registration requirements. In connection with the private placement, certain arm's-length finders received an aggregate of \$470,200 in cash finders fee commissions and an aggregate of 818,012 finders warrants with each finders warrant being exercisable to acquire a common share at an exercise price of \$0.50 for a period of 24 months after the closing date of the private placement.

Additional Information

Additional information concerning the Company is available on Sedar at www.sedar.com.