DEVERON UAS CORP.
(FORMERLY DEVERON RESOURCES LTD.)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN CANADIAN DOLLARS)

Abraham Chan LLP
Chartered Professional Accountants

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Independent Auditor's Report

To the Shareholders of
Deveron UAS Corp. (formerly Deveron Resources Ltd.)

We have audited the accompanying financial statements of Deveron UAS Corp. (formerly Deveron Resources Ltd.) which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive loss, cash flows and changes in shareholders' equity (deficit) for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Deveron UAS Corp. (formerly Deveron Resources Ltd.), as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the financial statements which describes that the Company will require additional financing in order to fund its planned activities. This condition, along with other matters set out in note 1, indicates the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

"Abraham Chan LLP"

Toronto, Canada
March 15, 2017

Abraham Chan LLP
Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31,		2016		2015
ASSETS				
Current assets				
Cash	**$**	**208,334**	$	36,486
Amounts receivable and other assets (note 8)		**156,922**		4,180
Total current assets		**365,256**		40,666
Non-current assets				
Property, plant and equipment (note 9)		**84,081**		-
Long-term investments (note 10)		**1**		1
Goodwill (note 6)		**612,741**		-
Total non-current assets		**696,823**		1
Total assets	**$**	**1,062,079**	$	40,667
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Current liabilities				
Amounts payable and other liabilities (notes 11 and 20)	**$**	**54,316**	$	24,861
Due to related party (note 20)		**500,000**		662,351
Total liabilities		**554,316**		687,212
Shareholders' equity (deficit)				
Share capital (note 13(a)(b))		**1,822,930**		640,421
Shares to be issued (note 13(c))		**240,000**		-
Reserves (notes 14 and 15)		**551,437**		898,486
Deficit		**(2,106,604)**		(2,185,452)
Total shareholders' equity (deficit)		**507,763**		(646,545)
Total liabilities and shareholders' equity (deficit)	**$**	**1,062,079**	$	40,667

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

Nature of operations and going concern (note 1)
Events after the reporting period (note 22)

Approved on behalf of the Board:

(Signed) "James Pirie" , Director

(Signed) "David MacMillan" , Director

DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Year Ended December 31, 2016		2015
Revenues				
Drone income	**$**	**44,297**	$	-
Cost of services				
Cost of services (note 17)		**(76,161)**		-
Gross margin		**(31,864)**		-
Operating expenses				
Salaries and benefits (note 20)		**146,030**		-
Shareholder relations		**139,979**		52,599
Professional fees (note 20)		**94,149**		62,579
Office and general		**69,815**		1,958
Interest expense (notes 12 and 20)		**36,107**		28,680
Depreciation (note 9)		**44,579**		-
Travel		**34,347**		-
Consulting fees (note 20)		**180**		6,000
Share-based payments (note 14(i)(ii))		**61,120**		7,138
Impairment of long-term investments (note 10)		**-**		599,999
Gain on long-term investments (note 10)		**(90,000)**		-
		536,306		758,953
Loss for the year from continuing operations		**(568,170)**		(758,953)
Income (loss) for the year from discontinued operations (note 7)		**46,400**		(34,370)
Loss before taxes		**(521,770)**		(793,323)
Income tax recovery (note 19)		**-**		-
Total comprehensive loss for the year	**$**	**(521,770)**	$	(793,323)
Net loss per common share - continuing operations (note 16)				
- basic and diluted	**$**	**(0.04)**	$	(0.07)
Net income (loss) per common share - discontinuing operations (note 16)				
- basic	**$**	**0.00**	$	(0.00)
- diluted	**$**	**0.00**	$	(0.00)
Basic and diluted net loss per common share (note 16)	**$**	**(0.04)**	$	(0.07)

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

DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2016	2015
Operating activities		
Net loss for the year	**$ (521,770)**	$ (793,323)
Adjustments for:		
Depreciation (note 9)	**44,579**	-
Share-based payments (note 14(i)(ii))	**61,120**	7,138
Interest expense accrued (notes 12 and 20)	**1,243**	28,680
Impairment of long-term investments (note 10)	**-**	599,999
Gain on long-term investments (note 10)	**(90,000)**	-
Net income from discontinued operations (note 7)	**(46,400)**	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	**(60,078)**	15,379
Amounts payable and other liabilities	**28,795**	835
Net cash used in operating activities	**(582,511)**	(141,292)
Investing activity		
Purchase of property, plant and equipment (note 9)	**(120,210)**	-
Net cash used in investing activity	**(120,210)**	-
Financing activities		
Cash acquired from the Acquisition (note 6)	**8,801**	-
Promissory notes (note 12)	**100,000**	-
Due to related party (note 20)	**(162,351)**	-
Issue of common shares for private placement (note 13(b)(i))	**724,200**	-
Share issue costs	**(57,831)**	-
Exercise of warrants	**209,100**	-
Exercise of options	**6,250**	-
Net cash provided by financing activities	**828,169**	-
Net change in cash from continuing operations	**125,448**	(141,292)
Net change in cash from discontinued operations	**46,400**	-
Cash, beginning of year	**36,486**	177,778
Cash, end of year	**$ 208,334**	$ 36,486

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

DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

	Share capital	Shares to be issued	Reserves: Warrants	Reserves: Share-based payments	Deficit	Total
Balance, December 31, 2014	**$ 640,421**	**$ -**	**$ 653,048**	**$ 238,300**	**$ (1,392,129)**	**$ 139,640**
Share-based payments (note 14(i))	-	-	-	7,138	-	7,138
Net loss for the year	-	-	-	-	(793,323)	(793,323)
Balance, December 31, 2015	**640,421**	**-**	**653,048**	**245,438**	**(2,185,452)**	**(646,545)**
Common shares issued for private placement (note 13(b)(i))	724,200	-	-	-	-	724,200
Warrants issued for private placement (note 13(b)(i))	(162,583)	-	162,583	-	-	-
Share issue costs	(70,413)	-	12,582	-	-	(57,831)
Common shares issued pursuant to the Acquisition (note 6)	408,000	-	-	-	-	408,000
Common shares to be issued pursuant to the Acquisition - contingent consideration (note 6)	-	240,000	-	-	-	240,000
Warrants issued pursuant to the Acquisition (note 6)	-	-	85,239	-	-	85,239
Exercise of warrants	271,830	-	(62,730)	-	-	209,100
Warrants expired	-	-	(590,318)	-	590,318	-
Exercise of stock options	11,475	-	-	(5,225)	-	6,250
Stock option expired	-	-	-	(10,300)	10,300	-
Share-based payments (note 14(ii))	-	-	-	61,120	-	61,120
Net loss for the year	-	-	-	-	(521,770)	(521,770)
Balance, December 31, 2016	**$ 1,822,930**	**$ 240,000**	**$ 260,404**	**$ 291,033**	**$ (2,106,604)**	**$ 507,763**

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

1. Nature of operations and going concern

Deveron UAS Corp. (formerly Deveron Resources Ltd.) ("Deveron" or the "Company") was incorporated under the laws of the Province of Ontario on March 28, 2011. On November 27, 2012, Deveron's common shares started trading on the TSX Venture Exchange ("TSXV") under the symbol "DVR". The primary office is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

As at December 31, 2016, 51.73% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle"). This gives Greencastle the control over the Company. As such, Deveron is a subsidiary of Greencastle. Further details of Greencastle's share holding interest is disclosed in note 20.

On March 24, 2016, Deveron obtained its Special Flight Operations Certificate ("SFOC") from Transport Canada. The SFOC permits Deveron to operate small unmanned aerial systems ("UAS", "UAV" or, more commonly, "drones") for the purpose of surveying agricultural land in rural areas of Ontario. Deveron is operating under a standing SFOC which allows Deveron to operate on an annual basis rather than a per flight basis. To use a UAV for work or research in Canada, companies are legally required to hold an SFOC.

On April 13, 2016, Deveron commenced commercial UAS flying for the 2016 agricultural season in Ontario. Deveron has also hired additional licensed pilots to operate its fleet of drones.

On July 14, 2016, the Company changed its name from Deveron Resources Ltd. to Deveron UAS Corp., completed the acquisition of 2487473 Ontario Inc. (operating as Eagle Scout Imaging) ("Eagle Scout") (refer to note 6) and the Company's common shares were delisted from the TSXV. On July 19, 2016, the Company's common shares were accepted for listing on the Canadian Securities Exchange ("CSE"), and its common shares commenced trading on the CSE under its existing symbol "DVR".

On July 26, 2016, the Company received authority to operate under a SFOC, for its UAS in Alberta, Saskatchewan and Manitoba as a Restricted Operator - Complex Operations. The SFOC has been issued under the authority of Transport Canada pursuant to the Aeronautics Act. Under its SFOC, Deveron received approvals to expand into Western Canada with up to four different pieces of hardware.

A Standing SFOC is issued to allow operations within a defined geographical boundary (e.g. province) and removes the requirement to submit individual sites for prior approval, subject to certain conditions. A Standing SFOC is not issued until the UAV operator has gained sufficient experience and demonstrates a history of safe operations.

These consolidated financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. Certain principal conditions and events are prevalent which indicate that there could be significant doubt about the Company's ability to continue as a going concern for a reasonable period of time. These include: (i) recurring operating losses and (ii) inability to obtain additional financing. The ability of the Company to fund its potential operations and commitments is dependent upon the ability of the Company to obtain additional financing.

2. Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2016. The policies set out below are based on IFRS issued and outstanding as of March 15, 2017, the date the Board of Directors approved the statements.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified at fair value through profit or loss ("FVTPL"). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(t).

(c) Functional and presentation currency

These consolidated financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

(d) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. Control is achieved when an investor has power over an investee to direct its activities, exposure to variable returns from an investee, and the ability to use the power to affect the investor's returns.

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of comprehensive loss from the effective date of control and up to the effective date of disposal or loss of control, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(e) Business combination

Business combinations are accounted for using the acquisition method where the acquisitions of companies and assets meet the definition of a business under IFRS 3. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Following initial recognition, goodwill is recognized at cost less any accumulated impairment losses. Any deficiency of the purchase price below the fair value of the net assets acquired is recorded as a gain in net earnings. Associated transaction costs are expensed when incurred.

2. Significant accounting policies (continued)

(f) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	FVTPL
Amounts receivable	Loans and receivables
Long-term investments	Available-for-sale

Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities
Due to related party	Other financial liabilities

Financial assets:
All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned. These financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at FVTPL', 'held-to-maturity investments', 'available-for-sale' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

FVTPL
This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the consolidated statement of comprehensive loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale instruments
Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value, plus transaction costs and are subsequently carried at cost, unless fair value can be determined from quoted market price in an active market. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. Interest on available-for-sale investments, calculated using the effective interest method, is recognized in the statement of comprehensive loss as part of interest income. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive loss as part of other gains and losses when the Company's right to receive payment is established. When an available-for-sale investment is sold or impaired, the investment is written down to the impaired value and a loss or gain is recognized in the consolidated statement of comprehensive loss. The Company's investment in Boreal Agrominerals Inc. ("Boreal") was classified as available-for-sale.

Financial liabilities:
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as at FVTPL where the financial liability is either held-for-trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

2. Significant accounting policies (continued)

(f) Financial instruments (continued)

Other financial liabilities:
Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Impairment of financial assets:
Financial assets are assessed for objective evidence of impairment on an incurred loss basis at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

For the financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

De-recognition of financial liabilities:
The Company derecognizes financial liabilities when the obligation is discharged, cancelled or expired.

Fair value of financial instruments:
Financial instruments that are measured at fair value in periods subsequent to initial recognition use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of December 31, 2016 and 2015, cash is the Company's only financial instruments that are measured at fair value on the statement of financial position. The fair value of cash is measured using level 1.

2. Significant accounting policies (continued)

(g) Cash

Cash includes cash on hand and with a Canadian chartered bank.

(h) Property, plant and equipment:

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of comprehensive loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Amortization rate
Computer equipment	30%
Drone	50%

(i) Long-term investments

Long-term investments are designated as financial assets under the category of available-for-sale. These investments are initially recognized at fair value. Subsequent to initial recognition these investments are measured at cost as described in the available-for-sale policy above.

(j) Impairment of goodwill

Goodwill is tested for impairment at the CGU level annually or more frequently if events or circumstances suggest that there may be impairment. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. A write-down is recognized if the recoverable amount of the CGU, determined as the greater of the estimated fair value less costs to sell or its value-in-use, is less than the carrying value. Any impairment of goodwill is expensed in the period in which the impairment is identified. Impairment losses relating to goodwill are not reversed if there is a subsequent recovery in value of the CGU.

2. Significant accounting policies (continued)

(k) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit. Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible or tangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

(m) Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. Significant accounting policies (continued)

(n) Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environment costs as at December 31, 2016 and December 31, 2015.

(o) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

(p) Revenue recognition

Revenue generated from providing data services is recognized as revenue in the period in which the data is delivered. Where payment is received in advance of delivering the data, the amount received is recognized as deferred revenue.

(q) Discontinued operations:

A discontinued operation is a component of the Company that can be clearly distinguished from the rest of the Company, both operationally and for financial reporting purposes, and the value of this component is expected to be recovered primarily through sale rather than continuing use.

Results of operations and any gain of loss form disposal are excluded from income from continuing operations and are reported separately as income/loss from discontinued operations.

(r) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the years.

(s) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. Significant accounting policies (continued)

(t) Critical accounting estimates and judgments

The preparation of the consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

i) Critical accounting estimates

Impairment of goodwill - goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. The recoverable value of a cash-generating unit ("CGU") is determined from internally developed valuation models that consider various factors and assumptions including forecasted cash earnings, growth rates, discount rates and terminal multiples. Management is required to use judgment in estimating the recoverable value of a CGU or a group of CGUs. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable.

Share-based payments – management is required to make a number of estimates when determining the compensation expense resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

Warrants – management is required to make a number of estimates when measuring the value of warrants including the forfeiture rate and expected life of the instruments.

Property, plant and equipment - management is required to estimate the useful lives and residual value of property, plant and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of loss.

Additional Payment Shares - in order to determine the amount of additional payment shares as disclosed in note 6, management is required to estimate the probability of revenue amounts to be earned in the next four years. Management believes the assumptions and estimated are reasonable.

ii) Critical judgments in applying accounting policies

Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Going concern – the assessment of the Company’s ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in note 1.

Collectability of amounts from sale of exploration and evaluation assets - the assessment of the collectability of future payments from the disposition of the Company's exploration and evaluation assets involves judgment regarding the likelihood of the purchaser to continue with the exploration and evaluation assets into the second and third anniversary of the transaction date.

Collectability of amounts pertaining to the Boreal transaction - the assessment of the collectability of further payments from the buyer of the Boreal shares involves judgment regarding the ability for the buyer and Boreal to meet all the conditions and close the deal, as disclosed in note 10.

2. Significant accounting policies (continued)

(u) Recent accounting pronouncements

(i) IFRS 9 - Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is still in the process of assessing the impact of this pronouncement.

(ii) In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") to replace IAS 18 - Revenue and IAS 11 - Construction Contracts and the related interpretations on revenue recognition. The new revenue standard introduces a single, principles based, five-step model for the recognition of revenue when control of a good or service is transferred to the customer. The five steps are identify the contract(s) with the customer, identify the performance obligations in the contract, determine transaction price, allocate the transaction price and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers and improves the comparability of revenue from contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

(iii) IFRS 16 - Leases (“IFRS 16”) was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - Leases.

The IASB issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16.

3. Capital risk management

The Company includes equity, comprising issued share capital, shares to be issued, reserves and deficit, in the definition of capital, which as at December 31, 2016, totaled an equity of $507,763 (December 31, 2015 - deficit of $646,545).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development costs and devote resources to identifying and commercializing new services. To secure the additional capital necessary to continue with its operating and research and development activities, the Company may attempt to raise additional funds through the issuance of debt or equity.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's objective, process, policies and approach to capital management during the year ended December 31, 2016 and 2015. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

4. Financial instruments and risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of December 31, 2016. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2016, the Company had cash of $208,334 (December 31, 2015 - $36,486) to settle current liabilities of $554,316 (December 31, 2015 - $687,212). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms except for the amount due to related party which bears interest at prime plus two percent and is due on demand. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

On July 1, 2015, the Company obtained a $500,000 loan from Greencastle. The loans bears interest at prime annual rate plus 5.3%, calculated on a monthly basis. The principal and unpaid interest shall become due and be paid in full on demand.

4. Financial instruments and risk factors (continued)

(ii) Liquidity risk (continued)

The Company obtained its financing through the equity market. Negative trend in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing or shareholder loans from Greencastle, if and when required, will be available or on terms acceptable to the Company.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. As at December 31, 2016, the Company did not have any surplus cash. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. The Company is exposed to interest rate risk on the amount due to related party bearing interest at prime rate plus 5.3% per annum.

(b) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

(c) Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) The amount due to related party is subject to interest rate risk. The promissory note of $500,000 obtained from Greencastle on July 1, 2016, bears an annual interest of prime plus 5.3%. As at December 31, 2016, if interest rates had decreased/increased by 1% with all other variables held constant, it would affect the reported loss and comprehensive loss for the year ended December 31, 2016, by approximately $5,000.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(Expressed in Canadian Dollars)

5. Fair value measurements

Fair value is the price that would be received to dispose of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measured at fair value on a recurring basis:

As at December 31, 2016	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Aggregate fair value**
Cash	$ 208,334	$ -	$ -	$ 208,334
As at December 31, 2015				
Cash	$ 36,486	$ -	$ -	$ 36,486

(b) Categories of financial instruments:

As at December 31,	**2016**	**2015**
	Carrying amount	**Carrying amount**
Financial assets:		
Cash	**$ 208,334**	$ 36,486
Amounts receivable	**133,576**	2,758
Long-term investments	**1**	1
	$ 341,911	$ 39,245
Financial liabilities:		
Amounts payable and other liabilities	**$ 54,316**	$ 24,861
Due to related party	**500,000**	662,351
	$ 554,316	$ 687,212

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's amounts receivable, amounts payable and other liabilities and due to related party is close to fair value due to their short-term maturity.

(Expressed in Canadian Dollars)

6. Acquisition of Eagle Scout

On February 19, 2016, Deveron entered into a definitive arm's length share exchange agreement (the "SEA") to acquire all of the issued and outstanding shares of Eagle Scout, a private company existing under the laws of the Province of Ontario. Eagle Scout uses the advanced UAV along with hardware, camera, sensor and software technologies to collect crop data and provide solutions to farmers.

On July 14, 2016, the Company acquired all of the issued and outstanding shares of Eagle Scout pursuant to the term of the SEA (the "Acquisition"). As a result, Eagle Scout is a wholly-owned subsidiary of the Company and Deveron owns 100% of the Eagle Scout shares and its assets. In connection with completion of the Acquisition, Eagle Scout shareholders received (a) 1,700,001 common shares of Deveron valued at $0.24 per common share; and (ii) 850,000 common share purchase warrants of the Company (the “Payment Warrants”). Each Payment Warrant entitles the holder thereof to acquire one common share at a price of $0.40 for a period of two years from the date of issuance. As additional consideration, Deveron may issue one (1) common share (each, an “Additional Payment Share”) for each $1.00 of gross revenue earned during each of the four fiscal years ending after the date hereof (each, an “Earn-out Period”), to a maximum of 1,000,000 Common Shares in the aggregate. The Additional Payment Shares will be issued in up to four installments on each date that is no later than five (5) business days following the date on which Deveron files its audited annual consolidated financial statements for the applicable Earn-out Period.

The allocation of the purchase price is as follows:

Purchase price allocation		
Issuance of common shares (i)	$	408,000
Issuance of Payment Warrants (ii)		85,239
Additional Payment Shares (iii)		240,000
Total consideration	$	733,239

Allocation of purchase price		
Cash	$	8,801
Amounts receivable and other assets		2,664
Promissory notes receivable (iv)		101,243
Property, plant and equipment		8,450
Goodwill		612,741
Amounts payable and other liabilities		(660)
Eagle Scout net assets received	$	733,239

(i) For the purpose of determining the value of the purchase price consideration, the 1,700,001 common shares were valued at $0.24 per share based on Deveron's closing price as of July 14, 2016.

(ii) The fair value of Deveron's 850,000 Payment Warrants was estimated to be $85,239 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.24; exercise price of $0.40; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 103.38%; risk-free interest rate - 0.54%; and an expected life - 2 years.

(iii) Management estimated that the Additional Payment Shares of 1,000,000 common shares will be issued and were valued at $0.24 (based on Deveron close price at July 14, 2016) per share, for a total contingent consideration of $240,000 which was determined by estimating the probability of future gross revenue during the Earn-out Period. This contingent consideration is included in the purchase price consideration. Refer to note 13(c).

(iv) The promissory notes receivable was due from Deveron. Refer to note 12.

(Expressed in Canadian Dollars)

7. Discontinued operations

As a result of the Acquisition on July 14, 2016, the business of the Company was changed from mineral exploration to the drone data service sector. Therefore, all operations related to mineral exploration were transferred to discontinued operations.

There were no assets or liabilities for discontinued operations as at December 31, 2016.

Discontinued operations for the years presented include:

Statements of Comprehensive Loss	Year Ended December 31, 2016		Year Ended December 31, 2015	
Exploration and evaluation expenditures (note 18)	**$**	**(3,600)**	$	(34,370)
Property option revenue (note 18(a))		**50,000**		-
Total discontinued operations	**$**	**46,400**	$	(34,370)

There was no impact on the statements of cash flows from discontinued operations.

8. Amounts receivable and other assets

As at December 31,	2016		2015	
Sales tax receivable - (Canada) (i)	**$**	**34,746**	$	2,758
Account receivable - drone income		**8,830**		-
Account receivable - sale of Boreal (notes 10 and 22(i))		**90,000**		-
Prepaids		**23,346**		1,422
	$	**156,922**	$	4,180

(i) Sales tax receivable is not past due.

9. Property, plant and equipment

COST		Computer equipment		Drones		Total
Balance, December 31, 2014 and December 31, 2015	**$**	**-**	**$**	**-**	**$**	**-**
Additions		15,048		105,162		120,210
Additions pursuant to the Acquisition (note 6)		-		8,450		8,450
Balance, December 31, 2016	**$**	**15,048**	**$**	**113,612**	**$**	**128,660**

ACCUMULATED DEPRECIATION		Computer equipment		Drones		Total
Balance, December 31, 2014 and December 31, 2015	**$**	**-**	**$**	**-**	**$**	**-**
Depreciation		3,386		41,193		44,579
Balance, December 31, 2016	**$**	**3,386**	**$**	**41,193**	**$**	**44,579**

CARRYING AMOUNT		Computer equipment		Drones		Total
Balance, December 31, 2015	**$**	**-**	**$**	**-**	**$**	**-**
Balance, December 31, 2016	**$**	**11,662**	**$**	**72,419**	**$**	**84,081**

10. Long-term investments

On April 4, 2013, and May 27, 2013, Deveron acquired 1,000,000 and 2,000,000 common shares respectively, for a total of 3,000,000 common shares of Boreal for $600,000. The investment represents a 13.6% interest in Boreal.

Boreal is a private company that owns and operates a carbonatite quarry near Sudbury, Ontario.

This investment has been categorized as a long-term investment under the category of available-for-sale and was originally measured at cost because there is no active market for Boreal's shares.

During the year ended December 31, 2015, management had decided to record an impairment of $599,999 and as a result the long-term investments carrying value decreased to $1 due to Boreal’s inability to advance the project and liquidity issues.

In December 2016, the Company tendered 100% of its shareholdings in Boreal, by exercising their Dissent Rights, to an offer from a third party to acquire 100% of Boreal by Plan of Arrangement. The obligations of the Boreal and the purchaser (together the “Parties”) to complete the arrangement are subject to the fulfillment of certain mutual conditions precedent, including: (a) the arrangement shall have been duly approved by the Boreal shareholders; (b) the court shall have approved the arrangement by granting the interim order and final order; (c) the Ministry Consent will have been received; (d) no person has filed or communicated to the Parties that they intend to file an appeal of the final order; (e) no governmental entity shall have enacted, issued, promulgated, enforced or entered any law which is then in effect and has the effect of making the arrangement illegal or otherwise preventing or prohibiting consummation of the arrangement; and (f) the arrangement agreement shall not have been terminated in accordance with its terms. There are additional obligations of the Parties to complete the arrangement. However such additional conditions may be waived in whole or in part by the Parties.

The purchaser will pay a total cash purchase price of $0.32 per Boreal share after the payment of certain obligations of Boreal. Such amounts are to be paid in three tranches over a 12 month period, which could be extended by the purchaser to a 24 month period as follows:

- $0.03 per share immediately after December 30, 2016 ("Effective Date")(received in January 2017, refer to notes 8 and 22(i));
- $0.12 per share on or before the six-month anniversary of the Effective Date;
- $0.17 per share on or before the one-year anniversary of the Effective Date, which could be extended to the second anniversary of the Effective Date.

The arrangement agreement calls for total cash consideration to Deveron of $960,000.

During the year ended December 31, 2016, Deveron recorded a gain on long-term investment of $90,000 (year ended December 31, 2015 - $nil) in the consolidated statements of comprehensive loss, being the amount of consideration for the first tranche of $0.03 per Boreal share.

(Expressed in Canadian Dollars)

11. Amounts payable and other liabilities

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

As at December 31,		2016		2015
Amounts payable	$	33,627	$	6,540
Accrued liabilities		20,689		18,321
Total amounts payable and other liabilities	$	54,316	$	24,861

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

As at December 31,		2016		2015
Less than 1 month	$	30,836	$	24,861
1 to 3 months		22,820		-
greater than 3 months		660		-
Total amounts payable and other liabilities	$	54,316	$	24,861

12. Promissory notes

Effective March 4, 2016, the Company entered into a promissory note with Eagle Scout in the amount of $80,000. Subsequently, effective April 20, 2016, the Company entered into another promissory note with Eagle Scout in the amount of $20,000 .The promissory notes incurred an interest rate of prime plus 1% per annum, were unsecured and were due on demand. The promissory notes were cancelled as part of the closing process of the Acquisition (see note 6) and all income and expense amounts related to the promissory notes eliminated upon consolidation.

13. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares		Amount
Balance, December 31, 2014 and December 31, 2015	**11,794,505**	**$**	**640,421**
Private placement (i)	3,621,000		724,200
Warrant valuation (i)	-		(162,583)
Broker warrant valuation (i)	-		(12,582)
Share issue costs	-		(57,831)
Shares issued pursuant to the Acquisition (note 6)	1,700,001		408,000
Exercise of options	25,000		11,475
Exercise of warrants	697,000		271,830
Balance, December 31, 2016	**17,837,506**	**$**	**1,822,930**

13. Share capital (continued)

b) Common shares issued (continued)

(i) On June 23, 2016, Deveron completed a non-brokered private placement financing of 3,621,000 units (each, a “Unit”) at a price of $0.20 per Unit for gross proceeds of $724,200 (the “Offering”).

Each Unit is comprised of one common share and one-half of a common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.30 per common share for a period of twenty-four (24) months from the date of closing of the Offering. The 1,810,500 warrants were valued at $162,583 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.20; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 104.61%; risk-free interest rate - 0.62%; and an expected life - 2 years.

In connection with the closing of the Offering, the Company paid finder’s fees of $28,210 in cash and issued 141,050 non-transferable finder’s warrants. Each finder warrant entitles the holder thereof to purchase one share at a price of $0.20 for a period of 18 months from the date of closing of the Offering. The 141,050 finder warrants were valued at $12,582 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.20; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 95.96%; risk-free interest rate - 0.62%; and an expected life - 1.5 years.

(c) Shares to be issued

As at December 31, 2016, the Company is committed to issue 44,097 common shares as Additional Payment Shares according to the Acquisition. Refer to note 6.

14. Stock options

On August 17, 2011, the directors of the Company adopted the stock option plan (the "Stock Option Plan"). The purpose of the Stock Option Plan is to advance the interests of the Company and its shareholders by attracting, retaining and motivating the performance of selected directors, officers, employees or consultants of the Company and to encourage and enable such persons to acquire and retain a proprietary interest in the Company through ownership of common shares.

The Stock Option Plan provides that the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock Option Plan is 10% of the Company's issued and outstanding common shares, from time to time. The Stock Option Plan will provide that the Board may amend the Stock Option Plan without the approval of the shareholders, provided however, that the shareholders of the Company must approve any amendment to the Stock Option Plan which increases the fixed maximum percentage of common shares issuable pursuant to the Stock Option Plan. The Stock Option Plan also provides that disinterested shareholder approval will be required to amend the Stock Option Plan or an option which (i) reduces the exercise price of an option held by an insider; (ii) extends the term of an option held by an insider; (iii) permits common shares being issuable to insiders under the Stock Option Plan to exceed 10% of the outstanding common shares; or (iv) permits common shares being issuable to insiders within any one year period under the Stock Option Plan to exceed 10% of the outstanding common shares. Accordingly, for example, the Board may amend the terms of the Stock Option Plan concerning vesting terms, assignability of options, and the term and exercise price of options held by non-insiders. Unless not permitted by the applicable regulatory authorities, the Stock Option Plan will also provide that if any option may not be exercised due to a black-out period self-imposed by the Company, the term of such option may be extended to a date which expires ten (10) business days following the end of such black-out period, or alternatively, if an option may be exercised during the black-out period but the shares not resold, the period for completion of the exercise of the option may be extended for the same ten (10) business day period after the end of the black-out period.

(Expressed in Canadian Dollars)

14. Stock options (continued)

The Stock Option Plan will be administered by the Board, which shall have full and final authority with respect to the granting of all options thereunder. Options will be granted under the Stock Option Plan to directors, officers, employees or consultants of the Company. The exercise price of any options granted under the Stock Option Plan will be determined by the Board, but in no event will the price be less than the Discounted Market Price (as that term is defined in the policies of the TSXV). The term of any options granted under the Stock Option Plan will be determined by the Board at the time of grant but, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the Stock Option Plan will not exceed five (5) years. Options granted under the Stock Option Plan will not be transferable or assignable except as permitted by the Stock Option Plan. Subject to certain exceptions, in the event that a director or officer ceases to hold office, vested options granted to such director or officer under the Stock Option Plan will expire ninety (90) days after such director or officer ceases to hold office. Subject to certain exceptions, in the event that an employee or consultant ceases to act in that capacity in relation to the Company, vested options granted to such employee or consultant under the Stock Option Plan will expire ninety (90) days after such individual or entity ceases to act in that capacity in relation to the Company. In the event of death of an option holder, vested options granted under the Stock Option Plan will expire on the earlier of one (1) year from the date of the death of the option holder or the date of the expiration of the term otherwise applicable to the option.

The following table reflects the continuity of options for the years ended December 31, 2016 and 2015:

	Number of options	Weighted average exercise price ($)
Balance, December 31, 2014	**1,050,000**	**0.25**
Granted (i)	125,000	0.25
Balance, December 31, 2015	**1,175,000**	**0.25**
Granted (ii)	400,000	0.25
Expired	(50,000)	0.25
Exercised	(25,000)	0.25
Balance, December 31, 2016	**1,500,000**	**0.25**

(i) On January 12, 2015, the Company granted 125,000 stock options to a director with each option exercisable into one common share of the Company at an exercise price of $0.25 per share until November 29, 2017. A fair value of $7,138 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.10; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 125.13%; risk-free interest rate - 0.93%; and an expected life - 2.88 years. The options vested immediately. During the year ended December 31, 2016, $nil (year ended December 31, 2015 - $7,138) was expensed to share-based payments.

(ii) On July 14, 2016, the Company granted 400,000 incentive stock options to directors, officers and employees, pursuant to the Company’s stock option plan, at an exercise price of $0.25 per share, expiring on July 14, 2019. A fair value of $61,120 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - $0.24; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 106.04%; risk-free interest rate - 0.48%; and an expected life - 3 years. The options vested immediately. During the year ended December 31, 2016, $61,120 was expensed to share-based payments.

(Expressed in Canadian Dollars)

14. Stock options (continued)

Details of the stock options outstanding as at December 31, 2016 are as follows:

Fair value ($)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price ($)	Expiry date
229,913	0.91	1,100,000	1,100,000	0.25	November 29, 2017
61,120	2.53	400,000	400,000	0.25	July 14, 2019
291,033	1.34	1,500,000	1,500,000	0.25	

15. Warrants

The following table reflects the continuity of warrants for the years ended December 31, 2016 and 2015:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2014 and 2015	**7,256,090**	**0.30**
Issued for private placement (note 13(b)(i))	1,951,550	0.29
Issued pursuant to the Acquisition (note 6)	850,000	0.40
Exercised	(697,000)	0.30
Expired	(6,559,090)	0.30
Balance, December 31, 2016	**2,801,550**	**0.33**

The following table reflects the warrants issued and outstanding as of December 31, 2016:

Number of warrants outstanding	Fair value ($)	Exercise price ($)	Expiry date
141,050	12,582	0.20	December 23, 2017
1,810,500	162,583	0.30	June 23, 2018
850,000	85,239	0.40	July 14, 2018
2,801,550	260,404		

16. Net loss per common share

	Year Ended December 31, 2016	Year Ended December 31, 2015
Weighted average shares outstanding - basic	**14,629,453**	11,794,505
Dilutive effect of stock options and warrants	**300,261**	-
Weighted average shares outstanding - diluted	**14,929,714**	11,794,505

Basic and diluted income (loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the year.

(Expressed in Canadian Dollars)

17. Cost of services

	Year Ended December 31, 2016	2015
Salaries and benefits	**$ 56,814**	$ -
Travel	**16,442**	-
Office and general	**890**	-
Consulting fees	**2,015**	-
Cost of services	**$ 76,161**	$ -

18. Exploration and evaluation expenditures

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Year Ended December 31, 2016	2015
Nechako Property (a)		
Consulting fees	**$ 3,600**	$ -
Rockstone Property (b)		
Acquisition costs	**$ -**	$ 30,000
Claim staking, maintenance fees	**-**	4,370
	$ -	$ 34,370
Transferred to discontinued operations	**$ (3,600)**	$ (34,370)
Total exploration and evaluation expenditures	**$ -**	$ -

(a) Nechako Property

On January 3, 2012, the Company entered into a non-arm's length assignment and novation agreement (the "Assignment Agreement") with Greencastle providing for the assignment of all of Greencastle's right, title and interest in an option agreement dated October 9, 2010 ("Option Agreement"), between Greencastle and Derrick Strickland (the "Optionor") on the Nechako Property, in consideration of the Company issuing to Greencastle 2,431,090 units at a deemed price of $0.10 per unit and granting to Greencastle a 1% net smelter returns royalty on the Nechako Property.

Under the terms of the Option Agreement assigned to the Company by Greencastle, a 100% interest, subject to a 2% net smelter returns royalty (the "Optionor Royalty") in the Nechako Property can be acquired by completing the following:

- On execution of the Option Agreement dated October 9, 2010, paying $20,000 in cash and issuing 100,000 Greencastle common shares to the Optionor. Greencastle has paid the $20,000 and issued the 100,000 Greencastle common shares to the Optionor;
- On or before November 1, 2011, paying an additional $20,000 in cash and issuing an additional 100,000 Greencastle common shares to the Optionor and incurring $100,000 of exploration expenses on the Nechako Property on or before November 1, 2011. Greencastle has paid the $20,000, issued the 100,000 Greencastle common shares and incurred the $100,000 of exploration expenses; and
- On or before November 1, 2012, paying an additional $50,000 in cash and issuing an additional 300,000 Greencastle common shares to the Optionor and incurring an additional $250,000 of exploration expenses on the Nechako Property on or before November 1, 2012. The Company has paid the $50,000 in October 2012, issued the 300,000 Greencastle common shares (valued at $27,000) in October 2012 and incurred the $250,000 of exploration expenses.

18. Exploration and evaluation expenditures (continued)

(a) Nechako Property (continued)

All payments and shares required to be issued to the Optionor pursuant to the Option Agreement, before January 3, 2012, the effective date of the Assignment Agreement, were completed by Greencastle.

The Optionor will retain the Optionor Royalty, of which 1% can be purchased by the Company at any time for $1,000,000.

Pursuant to a subscription agreement dated March 1, 2012, between Greencastle and the Company, the Company has acquired 300,000 Greencastle common shares in order to make the final share payment required under the Option Agreement. During the year ended December 31, 2012, the Company transferred these shares to the Optionor as part of the required payment to earn the 100% interest in Nechako Property.

On November 29, 2012, Deveron announced that it has completed the terms of its Option Agreement and has now earned a 100% interest in its Nechako Property.

On August 1, 2016, the Company entered into an agreement with Parlane Resource Corp. ("Parlane") for the sale of undivided 100% right, title and interest in the Nechako Property. Under the terms of the agreement, Parlane shall, upon signing of this agreement, pay $50,000 to Deveron (received), and Deveron shall, within 3 days thereafter, transfer title to the Nechako Property, to Parlane.

- On the first anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall pay to Deveron an additional $50,000; and
- On the second anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall make a further and last payment of $50,000 to Deveron.

(b) Rockstone Property

On October 28, 2014, the Company entered into a letter agreement ("Letter Agreement") with Greencastle relating to Greencastle's Rockstone Property located near Thunder Bay, in north-west Ontario. The Rockstone Property consists of 11 claims. On January 21, 2015, the Letter Agreement between the Company and Greencastle was amended to include 10 additional claims for a total of 21 claims in the Rockstone Property.

Under the terms of the Letter Agreement, Deveron will pay total cash considerations of $150,000 and incur $2,000,000 in exploration expenditures over a three year period to earn a 60% interest in the Rockstone Property. Deveron can elect to earn 100% interest in the Rockstone Property by incurring all expenditures required to produce a bankable feasibility study, subject to Greencastle retaining a 3% net smelter return royalty.

In connection with the Letter Agreement, Greencastle has also loaned Deveron $200,000, which did bear interest at prime plus two percent and was due on demand. See note 20.

(Expressed in Canadian Dollars)

19. Income tax

A reconciliation between tax expense and the product of accounting loss multiplied by the Company's domestic tax rate is as follows:

	2016	2015
Loss before income tax	$ **(521,770)**	$ (793,323)
Statutory tax rate	**26.50%**	26.50%
Tax benefit of statutory rate	**(138,269)**	(210,231)
Permanent differences	**79,143**	81,391
Tax benefits not recognized	**59,126**	128,840
Total tax recovery	$ **-**	$ -

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the consolidated financial statements as they are not probable to be recovered.

	December 31,	
Deductible (taxable) temporary differences	**2016**	**2015**
Tax loss carry-forwards	$ **314,495**	$ 252,844
Capital loss carry-forwards	**398**	398
Valuation of investments	**67,575**	79,500
Exploration and development	**102,172**	101,218
Share issue costs	**12,260**	6,927
Cumulative eligible capital	**496**	496
Deferred tax assets not recognized and impaired	**(497,396)**	(441,383)
Net deferred tax assets	$ **-**	$ -

As at December 31, 2016, the Company has the unclaimed non-capital losses that expire as follows:

Expires	2031	$ 162,000
	2032	180,000
	2033	271,000
	2034	164,000
	2035	198,000
	2036	213,000
		$ 1,188,000

The Company has also $3,000 of net capital losses which can be carried forward indefinitely.

20. Major shareholder and related party transactions

Major shareholder

The Company is controlled by Greencastle. At December 31, 2016, Greencastle owned and/or exercised control over 9,228,005 common shares (December 31, 2015 - 7,756,005 common shares) of Deveron, representing approximately 51.73% (December 31, 2015 - 65.8%) of the issued and outstanding common shares of the Company. The remaining 48.27% (December 31, 2015 - 34.2%) of the shares are widely held, which includes various small holdings which are owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

The Company's major shareholder does not have different voting rights than other holders of the Company's common shares.

20. Major shareholder and related party transactions (continued)

Major shareholder (continued)

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than Greencastle, which owns or controls, directly or indirectly, approximately 51.73% (December 31, 2015 - 65.8%) 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.

Related party transactions

During the year ended December 31, 2016, the Company incurred professional fees of $37,889 (year ended December 31, 2015 - $34,718) to Marrelli Support Services Inc. (“Marrelli Support”), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer ("CFO") of Deveron. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2016, Marrelli Support is owed $8,834 (December 31, 2015 - $8,650) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2016, the Company incurred professional fees of $13,702 (year ended December 31, 2015 - $8,438) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2016, DSA is owed $748 (December 31, 2015 - $1,999) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2016, the Company also incurred legal fees of $45,522 (year ended December 31, 2015 - $13,199) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the December 31, 2016 amounts payable and other liabilities is $28,241 due to Irwin Lowy LLP (December 31, 2015 - $6,321).

During the year ended December 31, 2016, salaries and benefits of $110,000 (year ended December 31, 2015 - $nil) were paid to the Chief Executive Officer ("CEO") and director of the Company. For the year ended December 31, 2016, consulting fees of $nil (year ended December 31, 2015 - $6,000) were charged by this director of the Company, for performing advisory services for Deveron. Included in the December 31, 2016 amounts payable and other liabilities is $2,025 due to the CEO and director of the Company (December 31, 2015 - $nil).

On January 21, 2015, the Company amended the Letter Agreement with its parent company, Greencastle, as described in note 18(b).

In connection with the Offering completed on June 23, 2016 (refer to note 13(b)(i)), the following transactions occurred:

- C. Marrelli Services Limited, an entity controlled by Carmelo Marrelli, the CFO of the Company, subscribed for 25,000 Units of the Company; and
- Greencastle subscribed for 875,000 Units of the Company.

(Expressed in Canadian Dollars)

20. Major shareholder and related party transactions (continued)

Related party transactions (continued)

Greencastle loaned Deveron $400,000 on May 22, 2013 and $200,000 on October 29, 2014, which did bear interest at prime plus two percent and was due on demand. In addition, Greencastle loaned Deveron $100,000 on April 28, 2016, which did bear interest at prime plus one percent and was due on demand. During the year ended December 31, 2016, the Company repaid $200,000 and interest of $77,051 on its loans to Greencastle. On July 1, 2016, the loans were substituted for a new loan of $500,000, which bears interest at prime plus 5.3% and is due on demand. As security for the loans, Deveron granted Greencastle a security interest over all assets of the Company. The carrying value of all the assets are $1,062,079, being the value of cash, amounts receivable and other assets, property, plant and equipment and goodwill. Included in due to related party as at December 31, 2016 is $500,000 due to Greencastle (December 31, 2015 - $662,351). For the year ended December 31, 2016, interest of $34,864 (year ended December 31, 2015 - $28,680) was recorded and included in interest expense in the consolidated statements of comprehensive loss.

During the year ended December 31, 2016, the Company incurred rent expense of $45,000 (year ended December 31, 2015 - $nil) to Greencastle which is included in office and general in the consolidated statements of comprehensive loss.

During the year ended December 31, 2016, the Company reimbursed salaries and benefits of $39,000 (year ended December 31, 2015 - $nil) to Greencastle which is included in salaries and benefits in the consolidated statements of comprehensive loss.

During the year ended December 31, 2016, the Company paid $15,000 (year ended December 31, 2015 - $nil) to Greencastle for management fees for warrants exercised which is included in share issue costs.

21. Segmented information

As at December 31, 2016, the Company's operations comprise two reporting operating segments: mineral exploration and drone data services in Canada.

Consolidated statements of financial position:

Operating segment	Corporate and other	Mineral exploration	Drone data services	Total
As at December 31, 2016				
Total assets	$ 368,089	$ -	$ 693,990	$ 1,062,079
Total liabilities	$ 554,316	$ -	$ -	$ 554,316
As at December 31, 2015				
Total assets	$ 40,667	$ -	$ -	$ 40,667
Total liabilities	$ 687,212	$ -	$ -	$ 687,212

Consolidated statements of comprehensive loss for the year ended December 31, 2016:

Operating segment	Corporate and other	Mineral exploration	Drone data services	Total
Revenues	$ -	$ -	$ 44,297	$ 44,297
Cost of services	-	-	(76,161)	(76,161)
Operating expenses	(407,806)	-	(128,500)	(536,306)
Loss for the year from continuing operations	(407,806)	-	(160,364)	(568,170)
Income for the year from discontinuing operations	-	46,400	-	46,400
(Loss) income for the year	$ (407,806)	$ 46,400	$ (160,364)	$ (521,770)

(Expressed in Canadian Dollars)

21. Segmented information (continued)

Consolidated statements of comprehensive loss for the year ended December 31, 2015:

Operating segment	Corporate and other	Mineral exploration	Drone data services	Total
Revenues	$ -	$ -	$ -	$ -
Operating expenses	(758,953)	-	-	(758,953)
Loss for the year from continuing operations	(758,953)	-	-	(758,953)
Loss for the year from discontinuing operations	-	(34,370)	-	(34,370)
Loss for the year	$ (758,953)	$ (34,370)	$ -	$ (793,323)

22. Events after the reporting period

(i) In January 2017, the Company received $90,000 from the sale of Boreal (refer to notes 8 and 10).

(ii) On March 6, 2017, 10,500 warrants with an exercise price of $0.20 and an expiry date of December 23, 2017 were exercised.

(iii) On March 7, 2017, the Company announced a multi-year commitment to working with Thompson Ltd. to provide leading-edge remote sensing data solutions to its growers. The contract is expected to run through 2018.