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**DEVERON UAS CORP.  
(FORMERLY DEVERON RESOURCES LTD.)  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2016  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

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**Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Deveron UAS Corp. (formerly Deveron Resources Ltd.) (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

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

	As at September 30, 2016	As at December 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 174,896	\$ 36,486
Amounts receivable and other assets (note 5)	112,550	4,180
<b>Total current assets</b>	<b>287,446</b>	<b>40,666</b>
<b>Non-current assets</b>		
Property, plant and equipment (note 6)	99,362	-
Long-term investments	1	1
Goodwill (note 3)	612,741	-
<b>Total non-current assets</b>	<b>712,104</b>	<b>1</b>
<b>Total assets</b>	<b>\$ 999,550</b>	<b>\$ 40,667</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 7 and 14)	\$ 65,136	\$ 24,861
Due to related party (note 14)	522,873	662,351
<b>Total liabilities</b>	<b>588,009</b>	<b>687,212</b>
<b>Shareholders' equity (deficit)</b>		
Share capital (note 9(a)(b))	1,605,100	640,421
Shares to be issued (note 9(c))	240,000	-
Reserves (notes 10 and 11)	1,195,485	898,486
Deficit	(2,629,044)	(2,185,452)
<b>Total shareholders' equity (deficit)</b>	<b>411,541</b>	<b>(646,545)</b>
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 999,550</b>	<b>\$ 40,667</b>

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

**Nature of operations and going concern** (note 1)

**Events after the reporting period** (note 16)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Revenue</b>				
Drone income	\$ 43,125	\$ -	\$ 43,325	\$ -
<b>Operating expenses</b>				
Salaries and benefits (note 14)	68,846	-	153,192	-
Shareholder relations	36,847	8,254	116,704	32,483
Professional fees (note 14)	23,274	16,822	69,038	42,348
Office and general	22,081	235	61,369	1,695
Interest expense (notes 8 and 14)	6,066	7,110	21,867	21,541
Depreciation (note 6)	15,323	-	29,248	-
Travel	22,733	-	30,899	-
Consulting fees	-	-	180	-
Share-based payments (note 10(i)(ii))	61,120	-	61,120	7,138
	256,290	32,421	543,617	105,205
<b>Loss for the period from continuing operations</b>	<b>(213,165)</b>	<b>(32,421)</b>	<b>(500,292)</b>	<b>(105,205)</b>
<b>Income (loss) for the period from discontinued operations</b>	<b>46,400</b>	<b>-</b>	<b>46,400</b>	<b>(34,370)</b>
<b>Total comprehensive loss for the period</b>	<b>\$ (166,765)</b>	<b>\$ (32,421)</b>	<b>\$ (453,892)</b>	<b>\$ (139,575)</b>
<b>Net loss per common share - continuing operations (note 12)</b>				
- basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.04)	\$ (0.01)
<b>Net income (loss) per common share - discontinuing operations (note 12)</b>				
- basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)
- diluted	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.00)
<b>Basic and diluted net loss per common share (note 12)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>

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

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

	<b>Nine Months Ended September 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net loss for the period	\$ (453,892)	\$ (139,575)
Adjustments for:		
Share-based payments (note 10(i)(ii))	61,120	7,138
Interest expense accrued (notes 8 and 14)	7,166	21,541
Depreciation (note 6)	29,248	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	(105,706)	6,244
Amounts payable and other liabilities	39,615	(7,316)
<b>Net cash used in operating activities</b>	<b>(422,449)</b>	<b>(111,968)</b>
<b>Investing activity</b>		
Purchase of property, plant and equipment (note 6)	(120,160)	-
<b>Net cash used in investing activity</b>	<b>(120,160)</b>	<b>-</b>
<b>Financing activities</b>		
Cash acquired from the Acquisition (note 3)	8,801	-
Promissory notes (note 8)	100,000	-
Due to related party	(145,401)	-
Issue of common shares for private placement (note 9(b)(i))	724,200	-
Share issue costs	(42,831)	-
Exercise of warrants	30,000	-
Exercise of options	6,250	-
<b>Net cash provided by financing activities</b>	<b>681,019</b>	<b>-</b>
<b>Net change in cash from continuing operations</b>	<b>138,410</b>	<b>(111,968)</b>
<b>Net change in cash from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>36,486</b>	<b>177,778</b>
<b>Cash, end of period</b>	<b>\$ 174,896</b>	<b>\$ 65,810</b>

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

## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital	Shares to be issued	Reserves			Total
			Warrants	Share-based payments	Deficit	
<b>Balance, December 31, 2014</b>	<b>\$ 640,421</b>	<b>\$ -</b>	<b>\$ 653,048</b>	<b>\$ 238,300</b>	<b>\$ (1,392,129)</b>	<b>\$ 139,640</b>
Share-based payments (note 10(i))	-	-	-	7,138	-	7,138
Net loss for the period	-	-	-	-	(139,575)	(139,575)
<b>Balance, September 30, 2015</b>	<b>\$ 640,421</b>	<b>\$ -</b>	<b>\$ 653,048</b>	<b>\$ 245,438</b>	<b>\$ (1,531,704)</b>	<b>\$ 7,203</b>
<b>Balance, December 31, 2015</b>	<b>\$ 640,421</b>	<b>\$ -</b>	<b>\$ 653,048</b>	<b>\$ 245,438</b>	<b>\$ (2,185,452)</b>	<b>\$ (646,545)</b>
Common shares issued for private placement (note 9(b)(i))	724,200	-	-	-	-	724,200
Warrants issued for private placement (note 9(b)(i))	(162,583)	-	162,583	-	-	-
Share issue costs	(55,413)	-	12,582	-	-	(42,831)
Common shares issued pursuant to the Acquisition (note 3)	408,000	-	-	-	-	408,000
Common shares to be issued pursuant to the Acquisition - contingent consideration (note 3)	-	240,000	-	-	-	240,000
Warrants issued pursuant to the Acquisition (note 3)	-	-	85,239	-	-	85,239
Exercise of warrants	39,000	-	(9,000)	-	-	30,000
Exercise of stock options	11,475	-	-	(5,225)	-	6,250
Stock option expired	-	-	-	(10,300)	10,300	-
Share-based payments (note 10(ii))	-	-	-	61,120	-	61,120
Net loss for the period	-	-	-	-	(453,892)	(453,892)
<b>Balance, September 30, 2016</b>	<b>\$ 1,605,100</b>	<b>\$ 240,000</b>	<b>\$ 904,452</b>	<b>\$ 291,033</b>	<b>\$ (2,629,044)</b>	<b>\$ 411,541</b>

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

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# DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 September 30, 2016, 50.06% 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 14.

On March 24, 2016, Deveron announced that it had been granted 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 will be 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 announced that it had 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 3) 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 announced that it 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 has 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 unaudited condensed interim 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.

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## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

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## 2. Significant accounting policies

### (a) *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 17, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

### (b) *Change in accounting policies*

(i) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no impact on the unaudited condensed interim consolidated financial statements as a result of this adoption.

(ii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no material impact on the unaudited condensed interim consolidated financial statements as a result of this adoption.

### (iii) Basis of consolidation

These unaudited condensed interim 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 periods presented are included in the unaudited condensed interim 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.

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## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Significant accounting policies (continued)

(b) *Change in accounting policies (continued)*

(iv) 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. 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.

(v) 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:

<b>Class of property, plant and equipment</b>	<b>Amortization rate</b>
Computer equipment	30%
Drone	50%

(vi) 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 or loss from disposal are excluded from income from continuing operations and are reported separately as income/loss from discontinued operations.



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## **DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)**

**Notes to Condensed Interim Consolidated Financial Statements**

**Three and Nine Months Ended September 30, 2016**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **2. Significant accounting policies (continued)**

#### *(c) 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. The amendment also removed the January 1, 2015 effective date.

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. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015. The Company is still in the process of assessing the impact of this pronouncement.

### **3. 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.

## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 3. Acquisition of Eagle Scout (continued)

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
<b>Total consideration</b>	<b>\$</b>	<b>733,239</b>

#### 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)
<b>Eagle Scout net assets received</b>	<b>\$</b>	<b>733,239</b>

(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 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; 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 9(c).

(iv) The promissory notes receivable was due from Deveron. Refer to note 8.

### 4. 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 September 30, 2016.

Discontinued operations for the periods presented include:

Statements of Comprehensive Loss	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Exploration and evaluation expenditures (note 13)	\$ (3,600)	\$ -	\$ (3,600)	\$ (34,370)
Property option revenue (note 13(ii))	50,000	-	50,000	-
<b>Total discontinued operations</b>	<b>\$ 46,400</b>	<b>\$ -</b>	<b>\$ 46,400</b>	<b>\$ (34,370)</b>

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

## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 5. Amounts receivable and other assets

	As at September 30, 2016	As at December 31, 2015
Sales tax receivable - (Canada) (i)	\$ 36,227	\$ 2,758
Account receivable	34,504	-
Prepays	41,819	1,422
	\$ 112,550	\$ 4,180

(i) Sales tax receivable is not past due.

### 6. Property, plant and equipment

COST	Computer equipments	Drones	Total
Balance, December 31, 2015	\$ -	\$ -	\$ -
Additions	15,048	105,112	120,160
Additions pursuant to the Acquisition (note 3)	-	8,450	8,450
Balance, September 30, 2016	\$ 15,048	\$ 113,562	\$ 128,610

ACCUMULATED DEPRECIATION	Computer equipments	Drones	Total
Balance, December 31, 2015	\$ -	\$ -	\$ -
Depreciation	2,257	26,991	29,248
Balance, September 30, 2016	\$ 2,257	\$ 26,991	\$ 29,248

CARRYING AMOUNT	Computer equipments	Drones	Total
Balance, December 31, 2015	\$ -	\$ -	\$ -
Balance, September 30, 2016	\$ 12,791	\$ 86,571	\$ 99,362

### 7. Amounts payable and other liabilities

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

	As at September 30, 2016	As at December 31, 2015
Amounts payable	\$ 14,761	\$ 6,540
Accrued liabilities	50,375	18,321
Total amounts payable and other liabilities	\$ 65,136	\$ 24,861

## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

#### 7. Amounts payable and other liabilities (continued)

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

	As at September 30, 2016	As at December 31, 2015
Less than 1 month	\$ 64,476	\$ 24,861
1 to 3 months	660	-
<b>Total amounts payable and other liabilities</b>	<b>\$ 65,136</b>	<b>\$ 24,861</b>

#### 8. 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 3) and all income and expense amounts related to the promissory notes eliminated upon consolidation.

#### 9. 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
<b>Balance, December 31, 2014 and September 30, 2015</b>	<b>11,794,505</b>	<b>\$ 640,421</b>
<b>Balance, December 31, 2015</b>	<b>11,794,505</b>	<b>\$ 640,421</b>
Private placement (i)	3,621,000	724,200
Warrant valuation (i)	-	(162,583)
Broker warrant valuation (i)	-	(12,582)
Share issue costs	-	(42,831)
Shares issued pursuant to the Acquisition (note 3)	1,700,001	408,000
Exercise of options	25,000	11,475
Exercise of warrants	100,000	39,000
<b>Balance, September 30, 2016</b>	<b>17,240,506</b>	<b>\$ 1,605,100</b>

(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.

# DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 9. Share capital (continued)

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

(i) (continued) 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.

The securities underlying the Units, including the shares, warrants, shares issuable upon the exercise of the warrants, finder's warrants and shares issuable upon the exercise of the finder's warrants, are subject to a four-month statutory hold period which expired on October 23, 2016.

#### (c) Shares to be issued

As at September 30, 2016, the Company is committed to issue 43,325 common shares as Additional Payment Shares according to the Acquisition. Refer to note 3.

### 10. Stock options

The following table reflects the continuity of options for the periods ended September 30, 2016 and 2015:

	Number of options	Weighted average exercise price (\$)
<b>Balance, December 31, 2014</b>	<b>1,050,000</b>	<b>0.25</b>
Granted (i)	125,000	0.25
<b>Balance, September 30, 2015</b>	<b>1,175,000</b>	<b>0.25</b>
<b>Balance, December 31, 2015</b>	<b>1,175,000</b>	<b>0.25</b>
Granted (ii)	400,000	0.25
Expired	(50,000)	0.25
Exercised	(25,000)	0.25
<b>Balance, September 30, 2016</b>	<b>1,500,000</b>	<b>0.25</b>

(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 three and nine months ended September 30, 2016, \$nil (three and nine months ended September 30, 2015 - \$nil and \$7,138, respectively) 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 three and nine months ended September 30, 2016, \$61,120 (three and nine months ended September 30, 2015 - \$nil) was expensed to share-based payments.

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**DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)**

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

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**10. Stock options (continued)**

Details of the stock options outstanding as at September 30, 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	1.16	1,100,000	1,100,000	0.25	November 29, 2017
61,120	2.79	400,000	400,000	0.25	July 14, 2019
291,033	1.60	1,500,000	1,500,000	0.25	

**11. Warrants**

The following table reflects the continuity of warrants for the periods ended September 30, 2016 and 2015:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2014 and September 30, 2015</b>	<b>7,256,090</b>	<b>0.30</b>
<b>Balance, December 31, 2015</b>	<b>7,256,090</b>	<b>0.30</b>
Issued for private placement (note 9(b)(i))	1,951,550	0.29
Issued pursuant to the Acquisition (note 3)	850,000	0.40
Exercised	(100,000)	0.30
<b>Balance, September 30, 2016</b>	<b>9,957,640</b>	<b>0.31</b>

The following table reflects the warrants issued and outstanding as of September 30, 2016:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
7,156,090	644,048	0.30	October 31, 2016 (i)
141,050	12,582	0.20	December 23, 2017
1,810,500	162,583	0.30	June 23, 2018
850,000	85,239	0.30	July 14, 2018
9,957,640	904,452		

(i) On July 15, 2016, Deveron announced that the directors agreed to extend the expiry date of an aggregate of 7,256,090 common share purchase warrants exercisable at a price of \$0.30 per warrant with an original expiry date of July 31, 2016 to October 31, 2016.

## DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

#### 12. Net loss per common share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Weighted average shares outstanding - basic	16,926,888	11,794,505	13,613,333	11,794,505
Dilutive effect of stock options and warrants	3,466,740	-	286,824	-
Weighted average shares outstanding - diluted	20,393,628	11,794,505	13,900,157	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 period.

#### 13. Exploration and evaluation expenditures

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Nechako Property (ii)</b>				
Consulting fees	\$ 3,600	\$ -	\$ 3,600	\$ -
<b>Rockstone Property (i)</b>				
Acquisition costs	\$ -	\$ -	\$ -	\$ 30,000
Claim staking, maintenance fees	-	-	-	4,370
	\$ -	\$ -	\$ -	\$ 34,370
<b>Transferred to discontinued operations</b>	\$ (3,600)	\$ -	\$ (3,600)	\$ (34,370)
<b>Total exploration and evaluation expenditures</b>	\$ -	\$ -	\$ -	\$ -

(i) 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.

(ii) 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 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.

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## **DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)**

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

**Three and Nine Months Ended September 30, 2016**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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

##### **Major shareholder**

The Company is controlled by Greencastle. At September 30, 2016, Greencastle owned and/or exercised control over 8,631,005 common shares (December 31, 2015 - 7,756,005 common shares) of Deveron, representing approximately 50.06% (December 31, 2015 - 65.8%) of the issued and outstanding common shares of the Company. The remaining 49.94% (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.

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 50.06% (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 three and nine months ended September 30, 2016, the Company incurred professional fees of \$9,679 and \$24,515, respectively (three and nine months ended September 30, 2015 - \$7,856 and \$21,536, respectively) 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 September 30, 2016, Marrelli Support is owed \$2,644 (December 31, 2015 - \$8,650) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2016, the Company incurred professional fees of \$5,551 and \$11,840, respectively (three and nine months ended September 30, 2015 - \$1,118 and \$6,088, respectively) 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 September 30, 2016, DSA is owed \$1,507 (December 31, 2015 - \$1,999) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2016, the Company also incurred legal fees of \$8,521 and \$40,726, respectively (three and nine months ended September 30, 2015 - \$5,711 and \$8,959, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the September 30, 2016 amounts payable and other liabilities is \$45,469 due to Irwin Lowy LLP (December 31, 2015 - \$6,321).

During the three and nine months ended September 30, 2016, salaries and benefits of \$27,500 and \$82,500, respectively (three and nine months ended September 30, 2015 - \$nil) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the September 30, 2016 amounts payable and other liabilities is \$6,057 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 13(i).



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**DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)****Notes to Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended September 30, 2016****(Expressed in Canadian Dollars)****(Unaudited)**

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

In connection with the Offering completed on June 23, 2016 (refer to note 9(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.

Greencastle loaned Deveron \$400,000 on May 22, 2013 and \$200,000 on October 29, 2014, which bears interest at prime plus two percent and is due on demand. In addition, Greencastle loaned Deveron \$100,000 on April 28, 2016, which bears interest at prime plus one percent 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 \$999,550, being the value of the investments in Boreal Agrominerals Inc., cash, amounts receivable and other assets, property, plant and equipment and goodwill. Included in due to related party as at September 30, 2016 is \$522,873 due to Greencastle (December 31, 2015 - \$662,351). On July 13, 2016, the Company repaid \$200,000 and interest of \$77,051 on its loans to Greencastle. For the three and nine months ended September 30, 2016, interest of \$5,923 and \$20,623, respectively (three and nine months ended September 30, 2015 - \$7,110 and \$21,541, respectively) was recorded and included in interest expense in the unaudited condensed interim consolidated statements of comprehensive loss. During the three and nine months ended September 30, 2016, the Company incurred rent expense of \$15,000 and \$45,000, respectively (three and nine months ended September 30, 2015 - \$nil) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss. During the three and nine months ended September 30, 2016, the Company reimbursed salaries and benefits of \$nil and \$39,000, respectively (three and nine months ended September 30, 2015 - \$nil) to Greencastle which is included in salaries and benefits in the unaudited condensed interim consolidated statements of comprehensive loss.

**15. Segmented information**

As at September 30, 2016, the Company's operations comprise two reporting operating segments: mineral exploration and drone data services in Canada.

Unaudited condensed interim consolidated statements of financial position:

<b>Operating segment</b>	<b>Corporate and other</b>	<b>Mineral exploration</b>	<b>Drone data services</b>	<b>Total</b>
As at September 30, 2016				
Total assets	\$ 265,734	\$ -	\$ 733,816	\$ 999,550
Total liabilities	\$ 588,009	\$ -	\$ -	\$ 588,009
As at December 31, 2015				
Total assets	\$ 40,667	\$ -	\$ -	\$ 40,667
Total liabilities	\$ 687,212	\$ -	\$ -	\$ 687,212

# DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)

## Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016

(Expressed in Canadian Dollars)

(Unaudited)

### 15. Segmented information (continued)

Unaudited condensed interim consolidated statements of comprehensive loss for the three months ended September 30, 2016:

<b>Operating segment</b>	<b>Corporate and other</b>	<b>Mineral exploration</b>	<b>Drone data services</b>	<b>Total</b>
Revenues	\$ -	\$ -	\$ 43,125	\$ 43,125
Operating expenses	(243,151)	-	(13,139)	(256,290)
(Loss) income for the period from continuing operations	(243,151)	-	29,986	(213,165)
Income for the period from discontinuing operations	-	46,400	-	46,400
(Loss) income for the period	\$ (243,151)	\$ 46,400	\$ 29,986	\$ (166,765)

Unaudited condensed interim consolidated statements of comprehensive loss for the three months ended September 30, 2015:

<b>Operating segment</b>	<b>Corporate and other</b>	<b>Mineral exploration</b>	<b>Drone data services</b>	<b>Total</b>
Revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses	(32,421)	-	-	(32,421)
Loss for the period from continuing operations	(32,421)	-	-	(32,421)
Income for the period from discontinuing operations	-	-	-	-
Loss for the period	\$ (32,421)	\$ -	\$ -	\$ (32,421)

Unaudited condensed interim consolidated statements of comprehensive loss for the nine months ended September 30, 2016:

<b>Operating segment</b>	<b>Corporate and other</b>	<b>Mineral exploration</b>	<b>Drone data services</b>	<b>Total</b>
Revenues	\$ -	\$ -	\$ 43,325	\$ 43,325
Operating expenses	(431,943)	-	(111,674)	(543,617)
Loss for the period from continuing operations	(431,943)	-	(68,349)	(500,292)
Income for the period from discontinuing operations	-	46,400	-	46,400
(Loss) income for the period	\$ (431,943)	\$ 46,400	\$ (68,349)	\$ (453,892)

Unaudited condensed interim consolidated statements of comprehensive loss for the nine months ended September 30, 2015:

<b>Operating segment</b>	<b>Corporate and other</b>	<b>Mineral exploration</b>	<b>Drone data services</b>	<b>Total</b>
Revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses	(105,205)	-	-	(105,205)
Loss for the period from continuing operations	(105,205)	-	-	(105,205)
Loss for the period from discontinuing operations	-	(34,370)	-	(34,370)
Loss for the period	\$ (105,205)	\$ (34,370)	\$ -	\$ (139,575)

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**DEVERON UAS CORP. (Formerly Deveron Resources Ltd.)****Notes to Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended September 30, 2016****(Expressed in Canadian Dollars)****(Unaudited)**

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**16. Events after the reporting period**

(i) On October 31, 2016, 597,000 warrants of the Company with an exercise price of \$0.30 and an expiry date of October 31, 2016 were exercised.

(ii) On October 31, 2016, 6,559,090 warrants with an exercise price of \$0.30 expired unexercised.

(iii) On November 10, 2016, the Company announced that it secured a new contract with Bonduelle North America, part of the Bonduelle Group, the largest producer of ready-to-use vegetables in the world.