
DEVERON UAS CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED JUNE 30, 2019
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

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

DEVERON UAS CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at June 30, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,052,043	\$ 2,923,191
Amounts receivable and other assets (note 3)	524,474	436,685
Total current assets	2,576,517	3,359,876
Non-current assets		
Property, plant and equipment (note 4)	117,182	85,278
Right-of-use assets (note 5)	246,309	29,155
Goodwill	1,427,307	1,427,307
Total non-current assets	1,790,798	1,541,740
Total assets	\$ 4,367,315	\$ 4,901,616
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 6 and 13)	\$ 275,817	\$ 386,469
Lease liabilities (note 7)	65,356	6,355
Total current liabilities	341,173	392,824
Non-current liabilities		
Lease liabilities (note 7)	183,977	22,624
Total liabilities	525,150	415,448
Shareholders' equity		
Share capital (note 8(a)(b))	5,216,042	5,216,042
Reserves (notes 9 and 10)	3,699,334	3,457,798
Deficit	(5,073,211)	(4,187,672)
Total shareholders' equity	3,842,165	4,486,168
Total liabilities and shareholders' equity	\$ 4,367,315	\$ 4,901,616

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 15)

DEVERON UAS CORP.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues				
Data collection	\$ 428,231	\$ 127,199	\$ 431,563	\$ 158,629
Data analytics	299,742	-	396,974	-
Total revenues	727,973	127,199	828,537	158,629
Cost of services				
Cost of services (note 12)	(219,915)	(50,494)	(250,646)	(87,249)
Gross margin	508,058	76,705	577,891	71,380
Operating expenses (income)				
Salaries and benefits (note 13)	372,404	125,949	774,387	237,376
Share-based payments (note 9(i)(ii)(iii)(iv))	48,620	107,305	340,583	282,607
Business development	15,302	49,560	28,864	94,671
Depreciation (notes 4 and 5)	18,330	57,510	76,947	112,213
Shareholder relations	14,937	72,594	54,904	193,775
Office and general	103,088	55,362	199,759	84,724
Professional fees (note 13)	28,615	31,744	59,066	49,583
Travel	15,543	21,268	42,487	39,890
Equipment maintenance	1,145	-	2,240	-
Interest expense (notes 7 and 13)	3,987	10,908	8,002	21,637
Interest income	(12,246)	-	(24,762)	-
	609,725	532,200	1,562,477	1,116,476
Total comprehensive loss for the period	\$ (101,667)	\$ (455,495)	\$ (984,586)	\$ (1,045,096)
Basic and diluted net loss per common share (note 11)	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	37,881,086	34,131,086	37,881,086	31,153,130

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

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

	Six Months Ended June 30,	
	2019	2018
Operating activities		
Net loss for the period	\$ (984,586)	\$ (1,045,096)
Adjustments for:		
Depreciation (notes 4 and 5)	76,947	112,213
Share-based payments (note 9(i)(ii)(iii)(iv))	340,583	282,607
Interest expense (note 7)	8,002	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	(87,789)	78,315
Amounts payable and other liabilities	(110,652)	19,791
Deferred revenue	-	(35,516)
Lease payments	(36,365)	-
Net cash used in operating activities	(793,860)	(587,686)
Investing activities		
Purchase of property, plant and equipment (note 4)	(77,288)	(35,175)
Net cash used in investing activities	(77,288)	(35,175)
Financing activities		
Issue of common shares for private placements (note 8(b)(i)(ii))	-	3,269,659
Share issue costs (note 8(b)(i)(ii))	-	(178,761)
Net cash provided by financing activities	-	3,090,898
Net change in cash	(871,148)	2,468,037
Cash and cash equivalents, beginning of period	2,923,191	1,147,869
Cash and cash equivalents, end of period	\$ 2,052,043	\$ 3,615,906
Cash	\$ 163,825	\$ 3,615,906
Cash equivalents	1,888,218	-
Cash and cash equivalents	\$ 2,052,043	\$ 3,615,906

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

DEVERON UAS CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share capital	Warrants	Reserves		Total
			Share-based payments	Deficit	
Balance, December 31, 2017	\$ 3,446,473	\$ 935,904	\$ 929,042	\$ (3,676,678)	\$ 1,634,741
Common shares issued for private placements (note 8(b)(i))	3,269,659	-	-	-	3,269,659
Warrants issued for private placements (note 8(b)(i))	(2,007,609)	2,007,609	-	-	-
Share issue costs (note 8(b)(i)(ii))	(279,981)	101,220	-	-	(178,761)
Warrants expired	-	(162,582)	-	162,582	-
Share-based payments (note 9(i)(ii)(iv))	-	-	282,607	-	282,607
Net loss for the period	-	-	-	(1,045,096)	(1,045,096)
Balance, June 30, 2018	\$ 4,428,542	\$ 2,882,151	\$ 1,211,649	\$ (4,559,192)	\$ 3,963,150
Balance, December 31, 2018	\$ 5,216,042	\$ 2,204,543	\$ 1,253,255	\$ (4,187,672)	\$ 4,486,168
Stock options expired	-	-	(99,047)	99,047	-
Share-based payments (note 9(ii)(iii)(iv))	-	-	340,583	-	340,583
Net loss for the period	-	-	-	(984,586)	(984,586)
Balance, June 30, 2019	\$ 5,216,042	\$ 2,204,543	\$ 1,494,791	\$ (5,073,211)	\$ 3,842,165

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

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Deveron UAS Corp. ("Deveron" or the "Company") was incorporated under the laws of the Province of Ontario on March 28, 2011. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1. On July 19, 2016, Deveron's common shares started trading on the Canadian Securities Exchange ("CSE") under the symbol "DVR".

Deveron is an agriculture technology company focused on providing data acquisition services and data analytics to the farming sector in North America. Through its network of drone pilots and soil sampling technicians, the Company is providing scalable data acquisition solutions in the imagery and soil space. Additionally, through its wholly-owned subsidiary Veritas Farm Management Inc. ("Veritas") (which was acquired on September 14, 2018), the Company provides growers in North America with independent data insight on the data it collects and is being generated on today's farm.

As at June 30, 2019, 22.8% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle"). During the year ended December 31, 2017, Deveron ceased to be a subsidiary of Greencastle and became an investment in associate.

Going concern

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and, therefore be required to realized its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in these unaudited condensed interim consolidated financial statements.

As at June 30, 2019, the Company had an accumulated deficit of \$5,073,211 (December 31, 2018 - \$4,187,672). Comprehensive loss for the six months ended June 30, 2019 was \$984,586 (six months ended June 30, 2018 - \$1,045,096). These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the financing necessary to fund its planned revenue growth and working capital requirements.

The Company has raised funds throughout the current and prior fiscal periods and has utilized these funds for non-current asset investments and working capital requirements. The ability of the Company to arrange additional financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company, nor achieve desired sales growth. If additional financing is raised by the issuance of common shares from treasury of the Company, control of the Company may change and existing shareholders may have their ownership diluted. If adequate funding is not available, the Company may be required to relinquish rights to certain of its assets and/or terminate its operations.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies

(a) Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 26, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2018, 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, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) New accounting standard adopted

(i) On June 7, 2017, the IASB issued IFRS Interpretations Committee 23 - Uncertainty Over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

3. Amounts receivable and other assets

	As at June 30, 2019	As at December 31, 2018
Sales tax receivable - (Canada) (i)	\$ -	\$ 10,283
Account receivable - data service revenue	505,083	380,463
Prepays	19,391	45,939
	\$ 524,474	\$ 436,685

(i) Sales tax receivable is not past due.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
Six Months Ended June 30, 2019
(Expressed in Canadian Dollars)
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4. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 74,054	\$ 433,106	\$ 12,400	\$ 519,560
Additions	39,552	37,736	-	77,288
Balance, June 30, 2019	\$ 113,606	\$ 470,842	\$ 12,400	\$ 596,848

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 33,417	\$ 399,005	\$ 1,860	\$ 434,282
Depreciation	17,040	26,484	1,860	45,384
Balance, June 30, 2019	\$ 50,457	\$ 425,489	\$ 3,720	\$ 479,666

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 40,637	\$ 34,101	\$ 10,540	\$ 85,278
Balance, June 30, 2019	\$ 63,149	\$ 45,353	\$ 8,680	\$ 117,182

5. Right-of-use assets

	Vehicles	Office space	Total
Balance, January 1, 2019	\$ 29,155	\$ -	\$ 29,155
Additions	123,941	124,776	248,717
Depreciation	(21,165)	(10,398)	(31,563)
Balance, June 30, 2019	\$ 131,931	\$ 114,378	\$ 246,309

Vehicles are depreciate over 36 months. Office spaces are depreciated over 72 months.

6. Amounts payable and other liabilities

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

	As at June 30, 2019	As at December 31, 2018
Amounts payable	\$ 218,923	\$ 218,156
Accrued liabilities	56,894	168,313
Total amounts payable and other liabilities	\$ 275,817	\$ 386,469

DEVERON UAS CORP.**Notes to Condensed Interim Consolidated Financial Statements****Six Months Ended June 30, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

6. Amounts payable and other liabilities (continued)

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

	As at June 30, 2019	As at December 31, 2018
Less than 1 month	\$ 235,573	\$ 350,674
1 to 3 months	7,289	697
Greater than 3 months	32,955	35,098
Total amounts payable and other liabilities	\$ 275,817	\$ 386,469

7. Lease liabilities

As at June 30,	2019
Balance, January 1, 2019	\$ 28,979
Additions	248,717
Interest expense	8,002
Lease payments	(36,365)
Balance, June 30, 2019	\$ 249,333
Allocated as:	
Current	\$ 65,356
Long-term	183,977
Balance, June 30, 2019	\$ 249,333

On August 31, 2018, the Company entered into a thirty-six month lease agreement for new office space in Chatham, Ontario, commencing on January 1, 2019. Under the lease, the Company is required to pay a monthly base rent of \$1,385. In addition to the base rent, the Company must pay its proportionate share of operating costs for the leased premises. The lease agreement includes an extension option for an additional thirty-six months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of thirty-six months). The lease payments are discounted using an interest rate of 13.95%, which are the Company's incremental borrowing rate in Canada. Effective interest rate is 14.88%.

DEVERON UAS CORP.**Notes to Condensed Interim Consolidated Financial Statements****Six Months Ended June 30, 2019****(Expressed in Canadian Dollars)****(Unaudited)**

8. 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, 2017	24,789,200	\$ 3,446,473
Private placements (i)	9,341,886	3,269,659
Warrant valuation (i)	-	(2,007,609)
Broker warrant valuation (i)(ii)	-	(101,220)
Share issue costs (i)(ii)	-	(178,761)
Balance, June 30, 2018	34,131,086	\$ 4,428,542
Balance, December 31, 2018 and June 30, 2019	37,881,086	\$ 5,216,042

(i) On February 23, 2018, Deveron completed the first tranche of a non-brokered private placement financing of 8,180,172 units at a price of \$0.35 per unit for gross proceeds of \$2,863,060. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.50 per common share for a period of 24 months from the date of closing of the financing. The 8,180,172 warrants were valued at \$1,761,500 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 137.77%; risk-free interest rate - 1.78%; and an expected life - 2 years.

In connection with the closing of the financing, the Company paid finder's fees of \$146,163 in cash and issued 417,610 non-transferable finder's warrants. Each finder warrant entitles the holder thereof to purchase one share at a price of \$0.35 for a period of 24 months from the date of closing of the financing. The 417,610 finder warrants were valued at \$91,805 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.33; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 137.77%; risk-free interest rate - 1.78%; and an expected life - 2 years.

On March 22, 2018, the Company completed its second and final tranche of the non-brokered private placement of 1,161,714 units for gross proceeds of \$406,599. 1,161,714 warrants were issued and valued at \$246,109 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.35; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 135.21%; risk-free interest rate - 1.82%; and an expected life - 2 years.

(ii) As consideration for the services provided for the second and final tranche, the Company paid finder's fees of \$19,146 in cash and issued 54,702 non-transferable finder's warrants. Each finder warrant entitles the holder thereof to purchase one share at a price of \$0.35 for a period of 24 months from the date of closing of the financing. The 54,702 finder warrants were valued at \$9,415 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.275; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 135.21%; risk-free interest rate - 1.82%; and an expected life - 2 years.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

9. Stock options

The following table reflects the continuity of options for the periods ended June 30, 2019 and 2018:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2017	3,960,000	0.35
Granted (i)(ii)	800,000	0.37
Balance, June 30, 2018	4,760,000	0.36
Balance, December 31, 2018	4,460,000	0.36
Granted (iii)	2,575,000	0.30
Cancelled	(500,000)	0.37
Balance, June 30, 2019	6,535,000	0.32

(i) On January 5, 2018, the Company granted 300,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of \$0.365 per share until November 22, 2022. A fair value of \$65,036 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.255; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 136.50%; risk-free interest rate - 1.91%; and an expected life - 4.88 years. 25% of the options vested immediately with the balance vesting quarterly. During the year ended December 31, 2018, the 300,000 stock options were cancelled. During the three and six months ended June 30, 2019, \$nil (three and six months ended June 30, 2018 - \$14,621 and \$58,723, respectively) was expensed to share-based payments.

(ii) On January 19, 2018, the Company granted 500,000 stock options to a consultant with each option exercisable into one common share of the Company at an exercise price of \$0.37 per share until April 19, 2019. A fair value of \$99,047 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.37; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 129.35%; risk-free interest rate - 1.93%; and an expected life - 1.25 years. The options vest quarterly over one year. During the three and six months ended June 30, 2019, \$nil and \$1,289, respectively (three and six months ended June 30, 2018 - \$32,250 and \$72,486, respectively) was expensed to share-based payments. During the six months ended June 30, 2019, the 500,000 stock options were cancelled.

(iii) On March 25, 2019, the Company granted 2,575,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of \$0.30 per share, will expire in three and five years from the issue date. A fair value of \$458,152 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.37; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 130.52%; risk-free interest rate - 1.46% to 1.48%; and an expected life - 3 years to 3.67 years. The options vest over different periods. During the three and six months ended June 30, 2019, \$34,016 and \$302,919, respectively (three and six months ended June 30, 2018 - \$nil) was expensed to share-based payments.

(iv) The portion of the estimated fair value of options granted in the prior years and vested during the three and six months ended June 30, 2019, amounted to \$14,604 and \$36,375, respectively (three and six months ended June 30, 2018 - \$60,434 and \$151,398, respectively).

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements
Six Months Ended June 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

9. Stock options (continued)

Details of the stock options outstanding as at June 30, 2019 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
61,120	0.04	400,000	400,000	0.25	July 14, 2019
99,083	2.73	-	575,000	0.30	March 24, 2022
266,660	3.01	1,500,000	1,500,000	0.30	July 1, 2022
1,142,048	3.40	3,310,000	3,560,000	0.37	November 22, 2022
82,410	3.40	-	500,000	0.30	November 22, 2022
1,651,321	3.05	5,210,000	6,535,000	0.32	

10. Warrants

The following table reflects the continuity of warrants for the periods ended June 30, 2019 and 2018:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2017	6,039,025	0.41
Issued for private placements (note 8(b)(i)(ii))	9,814,198	0.49
Expired	(1,810,500)	0.30
Balance, June 30, 2018	14,042,723	0.48
Balance, December 31, 2018 and June 30, 2019	10,751,698	0.49

The following table reflects the warrants issued and outstanding as of June 30, 2019:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
8,180,172	1,761,500	0.50	February 23, 2020
417,610	91,805	0.35	February 23, 2020
1,161,714	246,109	0.50	March 22, 2020
54,702	9,415	0.35	March 22, 2020
937,500	95,714	0.50	September 14, 2020
10,751,698	2,204,543		

11. Net loss per common share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2019 was based on the loss attributable to common shareholders of \$101,667 and \$984,586, respectively (three and six months ended June 30, 2018 - \$455,495 and \$1,045,096, respectively) and the weighted average number of common shares outstanding of 37,881,086 (three and six months ended June 30, 2018 - 34,131,086 and 31,153,130, respectively). Diluted loss per share for the periods presented did not include the effect of 10,751,698 warrants (six months ended June 30, 2018 - 14,042,723 warrants) and 6,535,000 stock options (six months ended June 30, 2018 - 4,760,000 stock options) as they are anti-dilutive.

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Notes to Condensed Interim Consolidated Financial Statements
Six Months Ended June 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

12. Cost of services

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Agronomic services	\$ 178,160	\$ -	\$ 192,190	\$ -
Software	16,898	1,494	25,064	1,970
Office and general	4,935	-	10,125	-
Travel	(1,941)	17,829	-	18,876
Salaries and benefits	(959)	31,171	-	31,171
Drone equipment	1,418	-	1,863	11,366
Drone maintenance	20,509	-	20,509	22,434
Processing fees	20	-	20	908
Consulting fees	-	-	-	500
Training	875	-	875	24
Cost of services	\$ 219,915	\$ 50,494	\$ 250,646	\$ 87,249

13. Major shareholder and related party transactions

Major shareholder

At June 30, 2019, Greencastle owned and/or exercised control over 8,649,505 common shares (December 31, 2018 - 8,524,505 common shares) of Deveron, representing approximately 22.8% (December 31, 2018 - 22.5%) of the issued and outstanding common shares of the Company. The remaining 77.2% (December 31, 2018 - 77.5%) 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 22.8% (December 31, 2018 - 22.5%) 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 six months ended June 30, 2019, the Company incurred professional fees of \$9,913 and \$18,238, respectively (three and six months ended June 30, 2018 - \$7,445 and \$15,030, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer 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 June 30, 2019, Marrelli Support is owed \$2,870 (December 31, 2018 - \$8,970) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$1,308 and \$4,355, respectively (three and six months ended June 30, 2018 - \$3,555 and \$6,972, 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 June 30, 2019, DSA is owed \$756 (December 31, 2018 - \$824) and this amount is included in amounts payable and other liabilities.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

13. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$2,225 (three and six months ended June 30, 2018 - \$nil) to DSA Filing Services Limited ("Filing"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for reporting issuer filing services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, Filing is owed \$316 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$992 (three and six months ended June 30, 2018 - \$nil) to Marrelli Press Release Services Limited ("Press Release"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for press release services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, Press Release is owed \$325 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company also incurred legal fees of \$4,163 and \$18,902, respectively (three and six months ended June 30, 2018 - \$15,292 and \$32,500, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the June 30, 2019 amounts payable and other liabilities is \$nil due to Irwin Lowy LLP (December 31, 2018 - \$3,502).

During the three and six months ended June 30, 2019, salaries and benefits of \$45,000 and \$110,000, respectively (three and six months ended June 30, 2018 - \$45,000 and \$72,500, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the June 30, 2019 amounts payable and other liabilities is \$nil due to the CEO and director of the Company (December 31, 2018 - \$12,811).

During the three and six months ended June 30, 2019, salaries and benefits of \$9,375 and \$28,750, respectively (three and six months ended June 30, 2018 - \$9,375 and \$18,750, respectively) were paid to a director of its parent company, Greencastle.

During the three and six months ended June 30, 2019, salaries and benefits of \$16,875 and \$22,500, respectively (three and six months ended June 30, 2018 - \$5,625 and \$11,250, respectively) were paid to directors of the Company.

During the three and six months ended June 30, 2019, interest of \$nil (three and six months ended June 30, 2018 - \$10,908 and \$21,637, respectively) was paid to Greencastle and included in interest expense in the unaudited condensed interim consolidated statements of comprehensive loss.

During the three and six months ended June 30, 2019, the Company incurred rent expense of \$7,500 and \$15,000, respectively (three and six months ended June 30, 2018 - \$7,500 and \$15,000, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

During the three and six months ended June 30, 2019, the Company incurred corporate advisory service expense of \$9,000 and \$18,000, respectively (three and six months ended June 30, 2018 - \$nil) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

Included in June 30, 2019 amounts payable and other liabilities is \$17,475 due to Greencastle (December 31, 2018 - \$7,500) for rent and corporate advisory services payable.

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements

Six Months Ended June 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

14. Segmented information

As at June 30, 2019, the Company's operations comprise one reporting operating segment: drone data services in Canada and in the USA. Segmented information on a geographic basis is as follows:

Operating segment	USA	Canada	Total
As at June 30, 2019			
Current assets	\$ 4,852	\$ 2,571,665	\$ 2,576,517
Non-current assets	-	1,790,798	1,790,798
As at December 31, 2018			
Current assets	\$ 36,474	\$ 3,323,402	\$ 3,359,876
Non-current assets	-	1,541,740	1,541,740

15. Events after the reporting period

(i) On July 1, 2019, the Company granted 660,000 options to employees and advisors of the Company. The options, at prices ranging from \$0.30 - \$0.375 per share, vest immediately and will expire on March 18, 2020 and July 1, 2022.

(ii) On July 14, 2019, 400,000 options with an exercise price of \$0.25 expired unexercised.

(iii) On August 13, 2019, the Company announced it has entered into an agreement to acquire Kansas City, Missouri based digital agriculture provider Atlas Team ("Atlas"). The purchase price for the acquisition of Atlas comprises 250,000 shares of the Company, issued to the shareholders of Atlas, at a deemed price of \$0.30. Under the terms of the agreement, the shares will be released from escrow in 3 tranches on an annual basis, commencing on the first anniversary of the closing date. All securities issued in connection with the acquisition are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.