
**DEVERON UAS CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 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 September 30, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,715,431	\$ 2,923,191
Accounts receivable and other assets (note 6)	866,891	436,685
Total current assets	2,582,322	3,359,876
Non-current assets		
Property, plant and equipment (note 7)	104,860	85,278
Right-of-use assets (note 8)	296,381	29,155
Goodwill	1,427,307	1,427,307
Total non-current assets	1,828,548	1,541,740
Total assets	\$ 4,410,870	\$ 4,901,616
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and other liabilities (notes 9 and 16)	\$ 449,319	\$ 386,469
Lease liabilities (note 10)	65,759	6,355
Total current liabilities	515,078	392,824
Non-current liabilities		
Lease liabilities (note 10)	235,516	22,624
Total liabilities	750,594	415,448
Shareholders' Equity		
Share capital (note 11(a)(b))	5,288,542	5,216,042
Reserves (notes 12 and 13)	3,795,432	3,457,798
Deficit	(5,423,698)	(4,187,672)
Total shareholders' equity	3,660,276	4,486,168
Total liabilities and shareholders' equity	\$ 4,410,870	\$ 4,901,616

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

Nature of operations and going concern (note 1)

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenues				
Data collection	\$ 615,564	\$ 108,416	\$ 1,047,127	\$ 267,045
Data analytics	26,844	-	423,818	-
	642,408	108,416	1,470,945	267,045
Cost of services				
Cost of services (note 15)	(186,959)	(129,419)	(437,605)	(216,668)
Gross Margin	455,449	(21,003)	1,033,340	50,377
Operating expenses (income)				
Salaries and benefits (note 16)	508,010	131,658	1,282,397	369,034
Share-based payments (note 12(i)(ii)(iii)(iv)(v)(vi))	157,218	34,665	497,801	317,272
Business development	15,824	61,616	44,688	156,287
Depreciation (notes 7 and 8)	48,831	59,010	125,778	171,223
Shareholder relations	9,972	13,549	64,876	207,324
Office and general	74,769	44,464	274,528	129,188
Professional fees (note 16)	27,328	23,615	86,394	73,198
Travel	35,118	26,749	77,605	66,639
Equipment maintenance	5,524	-	7,764	-
Interest expense (notes 10 and 16)	8,826	11,027	16,828	32,664
Interest Income	(12,431)	(18,707)	(37,193)	(18,707)
Gain on long-term investment	-	(507,131)	-	(507,131)
Gain on acquisition of Atlas (note 3)	(11,933)	-	(11,933)	-
	867,056	(119,485)	2,429,533	996,991
(Loss) income for the period from continuing operations	(411,607)	98,482	(1,396,193)	(946,614)
Income for the period from discontinued operations	-	50,000	-	50,000
Total comprehensive (loss) income for the period	\$ (411,607)	\$ 148,482	\$ (1,396,193)	\$ (896,614)
Net (loss) income per common share - continuing operations (note 14)				
- basic	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ (0.03)
- diluted	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ (0.03)
Net (loss) income per common share - discontinuing operations (note 14)				
- basic	\$ -	\$ 0.00	\$ -	\$ 0.00
- diluted	\$ -	\$ 0.00	\$ -	\$ 0.00
Basic and diluted net (loss) income per common share (note 14)	\$ (0.01)	\$ 0.00	\$ (0.04)	\$ (0.03)

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

DEVERON UAS CORP.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Operating activities		
Net loss for the period	\$ (1,396,193)	\$ (896,614)
Depreciation (notes 7 and 8)	125,778	171,223
Share-based payments (note 12(i)(ii)(iii)(iv)(v)(vi))	497,801	317,272
Interest expense (notes 10 and 16)	13,126	-
Gain on long-term investment	-	(507,131)
Gain on acquisition of Atlas (note 3)	(11,933)	-
Net income from discontinued operations (note 5)	-	(50,000)
Changes in non-cash working capital items:		
Amounts receivable and other assets	(415,564)	237,345
Amounts payable and other liabilities	59,894	(57,490)
Deferred revenue	-	(35,516)
Lease payments	(62,563)	-
Net cash used in operating activities	(1,189,654)	(820,911)
Investing activities		
Purchase of property, plant and equipment (note 7)	(90,852)	(41,036)
Cash payment for the Acquisition (note 3)	-	(320,000)
Proceeds from long-term investment	-	507,132
Net cash (used in) provided by investing activities	(90,852)	146,096
Financing activities		
Cash acquired from the Transaction and from the Acquisition (notes 3 and 4)	72,746	41,177
Issue of common shares for private placements (note 11(b)(i)(ii))	-	3,269,659
Share issue costs	-	(178,761)
Net cash provided by financing activities	72,746	3,132,075
Net change in cash and cash equivalents	(1,207,760)	2,457,260
Net change in cash from discontinued operations	-	50,000
Cash and cash equivalents, beginning of period	2,923,191	1,147,869
Cash and cash equivalents, end of period	\$ 1,715,431	\$ 3,655,129
Cash	\$ 135,391	\$ 1,647,403
Cash equivalents	1,580,040	2,007,726
Cash and cash equivalents	\$ 1,715,431	\$ 3,655,129

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

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

	Share Capital	Reserves		Deficit	Total
		Warrants	Share-based payments		
Balance, December 31, 2017	\$ 3,446,473	\$ 935,904	\$ 929,042	\$ (3,676,678)	\$ 1,634,741
Common shares issued for private placements (note 11(b)(i))	3,269,659	-	-	-	3,269,659
Warrants issued for private placements (note 11(b)(i))	(2,007,609)	2,007,609	-	-	-
Share issue costs (note 11(b)(i)(ii))	(279,981)	101,220	-	-	(178,761)
Common shares to be issued pursuant to the Acquisition (note 4)	787,500	-	-	-	787,500
Warrants issued pursuant to the Acquisition (note 4)	-	95,714	-	-	95,714
Warrants expired	-	(247,822)	-	247,822	-
Stock options expired	-	-	(32,518)	32,518	-
Share-based payments (note 12(i)(ii)(iv)(v)(vi))	-	-	317,272	-	317,272
Net loss for the period	-	-	-	(896,614)	(896,614)
Balance, September 30, 2018	\$ 5,216,042	\$ 2,892,625	\$ 1,213,796	\$ (4,292,952)	\$ 5,029,511
Balance, December 31, 2018	\$ 5,216,042	\$ 2,204,543	\$ 1,253,255	\$ (4,187,672)	\$ 4,486,168
Common shares issued pursuant to the Transaction (note 3)	72,500	-	-	-	72,500
Stock options expired	-	-	(160,167)	160,167	-
Share-based payments	-	-	497,801	-	497,801
Net loss for the period	-	-	-	(1,396,193)	(1,396,193)
Balance, September 30, 2019	\$ 5,288,542	\$ 2,204,543	\$ 1,590,889	\$ (5,423,698)	\$ 3,660,276

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

DEVERON UAS CORP.

Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

1. Nature of business 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 September 30, 2019, 22.4% 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.

On September 6, 2019, the Company completed the acquisition of Atlas, Team LLC ("Atlas") (refer to note 3).

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 September 30, 2019, the Company had an accumulated deficit of \$5,423,698 (December 31, 2018 - \$4,187,672). Comprehensive loss for the nine months ended September 30, 2019 was \$1,396,193 (nine months ended September 30, 2018 - \$896,614). 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
For the Three and Nine Months Ended September 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 November 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. Acquisition of Atlas

On August 16, 2018, the Company entered into a membership interests purchase agreement (the "Purchase Agreement") with Atlas to acquire all the issued and outstanding shares of Atlas. Atlas is an agricultural supply company which provides remote sensing and precision agriculture data aggregation and analytic services in the United States.

On September 6, 2019, the Company acquired all of the issued and outstanding shares of Atlas pursuant to the terms of the Purchase Agreement (the "Transaction"). As a result, Atlas is a wholly-owned subsidiary of the Company and Deveron owns 100% of the Atlas shares and its assets. Pursuant to the Purchase Agreement, the Company issued an aggregate of 250,000 common shares in the capital of the Company. Under the terms of the Purchase Agreement, the common shares will be released from escrow in three tranches on an annual basis, commencing on the first anniversary of the Transaction date. The common shares are subject to a statutory hold period of four months and one day from the date of issuance and the resale rules of applicable securities legislation.

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Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
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3. Acquisition of Atlas (continued)

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of common shares (i)	\$	72,500
Total consideration	\$	72,500

Allocation of purchase price

Cash	\$	72,746
Amounts receivable and other assets		14,642
Amounts payable and other liabilities		(2,955)
Gain on acquisition of Atlas		(11,933)
Atlas net assets received	\$	72,500

(i) For the purpose of determining the value of the purchase price consideration, the 250,000 common shares were valued at \$0.29 per share based on Deveron's closing price as of September 5, 2019.

4. Acquisition of Veritas

On August 27, 2018, the Company signed a definitive agreement (the "Agreement") with South West Ag Inc. (the "Vendor") to acquire all the issued and outstanding shares of Veritas. Veritas is a data analytics company which provides recurring data consulting and precision agriculture services to large enterprises and large-scale farmers.

On September 14, 2018, the Company acquired all of the issued and outstanding shares of Veritas pursuant to the term of the Agreement (the "Acquisition"). As a result, Veritas is a wholly-owned subsidiary of the Company and Deveron owns 100% of the Veritas shares and its assets. In connection with completion of the Acquisition, Veritas shareholders received a cash payment of \$320,000 and 3,750,000 units ("Units") of the Company. Each Unit consists of one common share of the Company and one-quarter of a common share purchase warrant. Each whole warrant entitles the holder to acquire a common share at an exercise price of \$0.50 per common share for a period of two years. Under the terms of the Agreement, the Unit will be released from escrow in five equal tranches of 750,000 Units, every three months, with the initial release occurring on the sixth month following the closing of the acquisition, and the final tranche being released on the eighteenth month after closing.

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.

In addition, Deveron has to pay Veritas a sum equal to 50% of the earnings of Veritas during the period from April 1, 2018 to August 31, 2018 ("Earn-Out-Period").

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Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

4. Acquisition of Veritas (continued)

The allocation of the purchase price is as follows:

Purchase price allocation

Issuance of common shares (i)	\$	787,500
Issuance of warrants (ii)		95,714
Cash payment		320,000
Additional cash payment accrued (iii)		109,719
Total consideration	\$	1,312,933

Allocation of purchase price

Cash	\$	41,177
Amounts receivable and other assets		504,136
Property, plant and equipment		24,310
Goodwill		814,566
Amounts payable and other liabilities		(71,256)
Atlas net assets received	\$	1,312,933

(i) For the purpose of determining the value of the purchase price consideration, the 3,750,000 common shares were valued at \$0.21 per share based on Deveron's closing price as of September 14, 2018.

(ii) The fair value of Deveron's 937,500 warrants was estimated to be \$95,714 using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.21; exercise price of \$0.50; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 130.04%; risk-free interest rate - 2.13%; and an expected life - 2 years.

(iii) The Company has estimated that an additional \$109,719 will be paid to Veritas which is the sum equal to 50% of the earnings of Veritas during the Earn-Out-Period.

5. Discontinued operations

As a result of the acquisition of Eagle Scout 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, 2018 and December 31, 2017.

Discontinued operations for the periods presented include:

Statement of Comprehensive (Loss) Income	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Property option revenue (i)	\$ -	\$ 50,000	\$ -	\$ 50,000

(i) 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.

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Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
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5. Discontinued operations (continued)

- 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 (received in August 2017); 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 (received in August 2018) to Deveron.

There was no impact on the unaudited condensed interim consolidated statements of cash flows from discontinued operations.

6. Amounts receivable and other assets

	As at September 30, 2019	As at December 31, 2018
Sales tax receivable - (Canada) (i)	\$ 15,809	\$ 10,283
Account receivable - data service revenue	837,831	380,463
Prepays	13,251	45,939
	\$ 866,891	\$ 436,685

(i) Sales tax receivable is not past due.

7. Property, plant and equipment

COST	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 74,054	\$ 433,106	\$ 12,400	\$ 519,560
Additions	53,116	37,736	-	90,852
Balance, September 30, 2019	\$ 127,170	\$ 470,842	\$ 12,400	\$ 610,412

ACCUMULATED DEPRECIATION	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 33,417	\$ 399,005	\$ 1,860	\$ 434,282
Depreciation	28,613	39,727	2,930	71,270
Balance, September 30, 2019	\$ 62,030	\$ 438,732	\$ 4,790	\$ 505,552

CARRYING AMOUNT	Computer equipment	Drones	Vehicles	Total
Balance, December 31, 2018	\$ 40,637	\$ 34,101	\$ 10,540	\$ 85,278
Balance, September 30, 2019	\$ 65,140	\$ 32,110	\$ 7,610	\$ 104,860

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Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)

8. Right-of-use assets

	Vehicles	Office space	Total
Balance, January 1, 2019	\$ 29,155	\$ -	\$ 29,155
Additions	196,958	124,776	321,734
Depreciation	(38,911)	(15,597)	(54,508)
Balance, September 30, 2019	\$ 187,202	\$ 109,179	\$ 296,381

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

9. 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, 2019	As at December 31, 2018
Amounts payable	\$ 348,066	\$ 218,156
Accrued liabilities	65,583	168,313
Sales tax payable - (Canada)	35,670	-
Total amounts payable and other liabilities	\$ 449,319	\$ 386,469

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

	As at September 30, 2019	As at December 31, 2018
Less than 1 month	\$ 339,811	\$ 350,674
1 to 3 months	9,217	697
Greater than 3 months	100,291	35,098
Total amounts payable and other liabilities	\$ 449,319	\$ 386,469

10. Lease liabilities

As at September 30,	2019
Balance, January 1, 2019	\$ 28,979
Additions	321,733
Interest expense	13,126
Lease payments	(62,563)
Balance, September 30, 2019	\$ 301,275
Allocated as:	
Current	\$ 65,759
Long-term	235,516
Balance, September 30, 2019	\$ 301,275

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

10. Lease liabilities (continued)

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%.

11. Share capital

a) Authorized share capital

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

b) Common shares issued

	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)
Shares issued pursuant to the Acquisition (note 4)	3,750,000	787,500
Balance, September 30, 2018	37,881,086	\$ 5,216,042
Balance, December 31, 2018	37,881,086	\$ 5,216,042
Shares issued pursuant to the Transaction (note 3)	250,000	72,500
Balance, September 30, 2019	38,131,086	\$ 5,288,542

(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.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

11. Share capital (continued)

(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.

12. Stock options

The following table reflects the continuity of options for the periods ended September 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
Expired	(300,000)	0.25
Balance, September 30, 2018	4,460,000	0.36
Balance, December 31, 2018	4,460,000	0.36
Granted (iii)(iv)(v)	3,235,000	0.30
Cancelled	(500,000)	0.37
Expired	(400,000)	0.25
Balance, September 30, 2019	6,795,000	0.34

(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 nine months ended September 30, 2019, \$nil (three and nine months ended September 30, 2018 - \$(26,205) and \$32,518, 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 nine months ended September 30, 2019, \$nil and \$1,289, respectively (three and nine months ended September 30, 2018 - \$17,307 and \$89,793, respectively) was expensed to share-based payments. During the nine months ended September 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 nine months ended September 30, 2019, \$34,390 and \$337,309, respectively (three and nine months ended September 30, 2018 - \$nil) was expensed to share-based payments.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

12. Stock options (continued)

(iv) On July 1, 2019, the Company granted 500,000 stock options to an employee 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 \$101,896 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.30; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 127.58%; risk-free interest rate - 1.52%; and an expected life - 3 years. The options vested immediately. During the three and nine months ended September 30, 2019, \$101,896 (three and nine months ended September 30, 2018 - \$nil) was expensed to share-based payments.

(v) On July 1, 2019, the Company granted 160,000 stock options to an advisor to the Company. The stock options, at a price of \$0.375 per share, will expire on March 18, 2020. A fair value of \$12,547 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.375; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 112.64%; risk-free interest rate - 1.52%; and an expected life - 0.72 year. The options vested immediately. During the three and nine months ended September 30, 2019, \$12,547 (three and nine months ended September 30, 2018 - \$nil) was expensed to share-based payments.

(vi) The portion of the estimated fair value of options granted in the prior years and vested during the three and nine months ended September 30, 2019, amounted to \$8,385 and \$44,760, respectively (three and nine months ended September 30, 2018 - \$43,563 and \$194,961, respectively).

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

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
12,547	0.47	160,000	160,000	0.375	March 18, 2020
99,083	2.48	-	575,000	0.30	March 24, 2022
368,556	2.75	2,000,000	2,000,000	0.30	July 1, 2022
1,142,048	3.15	3,310,000	3,560,000	0.37	November 22, 2022
82,410	3.15	-	500,000	0.30	November 22, 2022
1,704,644	2.91	5,470,000	6,795,000	0.34	

13. Warrants

The following table reflects the continuity of warrants for the periods ended September 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 11(b)(i)(ii))	9,814,198	0.49
Issued pursuant to the Acquisition (note 4)	937,500	0.40
Expired	(2,660,500)	0.33
Balance, September 30, 2018	14,130,223	0.49
Balance, December 31, 2018 and September 30, 2019	10,751,698	0.49

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13. Warrants (continued)

The following table reflects the warrants issued and outstanding as of September 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		

14. Net (loss) income per common share

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Weighted average shares outstanding - basic	38,131,086	34,781,493	37,881,086	32,367,307
Dilutive effect of stock options and warrants	-	-	-	23,737
Weighted average shares outstanding - diluted	38,131,086	34,781,493	37,881,086	32,391,044

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

15. Cost of services

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Agronomic services	\$ 120,170	\$ -	\$ 312,360	\$ -
Software	30,876	1,123	55,940	3,093
Office and general	3,660	-	13,785	-
Travel	35,978	37,086	35,978	55,962
Salaries and benefits	-	78,915	-	110,086
Drone equipment	366	1,049	2,229	12,415
Drone maintenance	(4,718)	8,542	15,791	30,976
Processing fees	93	-	113	908
Consulting fees	-	2,704	-	3,204
Training	534	-	1,409	24
Cost of services	\$ 186,959	\$ 129,419	\$ 437,605	\$ 216,668

DEVERON UAS CORP.

**Notes to Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2019
(Expressed in Canadian Dollars)
(Unaudited)**

16. Major shareholder and related party transactions

Major shareholder

At September 30, 2019, Greencastle owned and/or exercised control over 8,554,005 common shares (December 31, 2018 - 8,524,505 common shares) of Deveron, representing approximately 22.4% (December 31, 2018 - 22.5%) of the issued and outstanding common shares of the Company. The remaining 77.6% (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 22.4% (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 nine months ended September 30, 2019, the Company incurred professional fees of \$7,197 and \$25,435, respectively (three and nine months ended September 30, 2018 - \$7,443 and \$22,473, 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 September 30, 2019, Marrelli Support is owed \$2,685 (December 31, 2018 - \$8,970) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2019, the Company incurred professional fees of \$2,198 and \$6,553, respectively (three and nine months ended September 30, 2018 - \$4,522 and \$11,494, 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, 2019, DSA is owed \$1,705 (December 31, 2018 - \$824) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2019, the Company incurred professional fees of \$800 and \$5,541 (three and nine months ended September 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 September 30, 2019, Filing is owed \$588 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2019, the Company incurred professional fees of \$384 and \$1,376 (three and nine months ended September 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 September 30, 2019, Press Release is owed \$434 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

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Notes to Condensed Interim Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2019 (Expressed in Canadian Dollars) (Unaudited)

16. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the three and nine months ended September 30, 2019, the Company also incurred legal fees of \$3,877 and \$27,340, respectively (three and nine months ended September 30, 2018 - \$6,068 and \$38,568, 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, 2019 amounts payable and other liabilities is \$4,381 due to Irwin Lowy LLP (December 31, 2018 - \$3,502).

During the three and nine months ended September 30, 2019, salaries and benefits of \$45,000 and \$155,000, respectively (three and nine months ended September 30, 2018 - \$45,000 and \$117,500, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the September 30, 2019 amounts payable and other liabilities is \$5,929 due to the CEO and director of the Company (December 31, 2018 - \$12,811).

During the three and nine months ended September 30, 2019, salaries and benefits of \$9,375 and \$38,125, respectively (three and nine months ended September 30, 2018 - \$9,375 and \$28,125, respectively) were paid to a director of its parent company, Greencastle.

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

During the three and nine months ended September 30, 2019, interest of \$nil (three and nine months ended September 30, 2018 - \$11,027 and \$32,664, respectively) was paid to Greencastle and included in interest expense in the unaudited condensed interim consolidated statements of comprehensive (loss) income.

During the three and nine months ended September 30, 2019, the Company incurred rent expense of \$7,550 and \$22,550, respectively (three and nine months ended September 30, 2018 - \$7,500 and \$22,500, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive (loss) income.

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

Included in September 30, 2019 amounts payable and other liabilities is \$18,525 due to Greencastle (December 31, 2018 - \$7,500) for rent and corporate advisory services payable.

17. Segmented information

As at September 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 September 30, 2019			
Current assets	\$ 6,316	\$ 2,576,006	\$ 2,582,322
Non-current assets	-	1,828,548	1,828,548
As at December 31, 2018			
Current assets	\$ 36,474	\$ 3,323,402	\$ 3,359,876
Non-current assets	-	1,541,740	1,541,740