



DEVERON CORP.
(FORMERLY DEVERON UAS CORP.)

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following interim Management Discussion & Analysis (“Interim MD&A”) of Deveron Corp. (“Deveron” or the “Company”) for the three and nine months ended September 30, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis (“Annual MD&A”) for the fiscal year ended December 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company’s Annual MD&A, audited annual financial statements for the years ended December 31, 2019, and December 31, 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 18, 2020, unless otherwise indicated.

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

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

Cautionary Note Regarding Forward-Looking Statements

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

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Forward-looking statements	Assumptions	Risk factors
Development of Deveron’s new business in the data acquisition and data analytics sector will be positive	Financing will be available for the deployment of data acquisition and data analytics sector	Changes in debt and equity markets; ongoing uncertainties relating to the COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
<p>The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending September 30, 2021</p> <p>The Company expects to incur further losses in the development of its business</p> <p>Should the Company not raise sufficient capital or have adequate profits (defined as revenues less expenses), it may cease to be a reporting issuer</p>	The operating activities of the Company for the twelve-month period ending September 30, 2021, and the costs associated therewith, will be consistent with Deveron’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Deveron	Changes in debt and equity markets; ongoing uncertainties relating to the COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
As set out in this Interim MD&A, Deveron will require approximately \$1,000,000 (\$750,000 spent) to be used to achieve its objectives and milestones	Actual costs of the various line items of the budget are consistent with the costs that management anticipates	Costs could vary from management’s expectations

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

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

Description of Business

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

At present, Deveron is a leading agriculture technology company focused on providing data acquisition services and data analytics to the farming sector in North America. Through its on-demand 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, the company provides growers in North America with independent insight on the data it collects and is being generated on today's farm. On July 19, 2016, Deveron's common shares started trading on the Canadian Securities Exchange ("CSE") under the symbol "DVR". The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

On August 31, 2020, the Company changed its corporate name from Deveron UAS Corp. to Deveron Corp. The Company's new stock symbol on the CSE is "FARM" and commenced trading under the new name and ticker symbol on market opening on September 3, 2020.

On September 21, 2020, the Company was accepted for listing on the TSX Venture Exchange (the "TSXV") as a Tier 2 issuer, and its common shares commenced trading on the TSXV under the symbol "FARM".

Operational Highlights

Corporate

On January 7, 2020, the Company and Huron Tractor Limited ("Huron Tractor") jointly announced a continuation of the collaborative initiative between Huron Tractor and Veritas Farm Management ("Veritas"), a wholly-owned subsidiary of Deveron.

On February 23, 2020, 8,180,172 warrants with an exercise price of \$0.50 expired unexercised.

On February 23, 2020, 417,610 warrants with an exercise price of \$0.35 expired unexercised.

On March 18, 2020, 160,000 options with an exercise price of \$0.38 expired unexercised.

On March 22, 2020, 1,161,714 warrants with an exercise price of \$0.50 expired unexercised.

On March 22, 2020, 54,702 warrants with an exercise price of \$0.35 expired unexercised.

On April 6, 2020, the Company closed of a non-brokered private placement of units ("Units"). The offering was completed at a price of \$0.10 per Unit for gross proceeds of \$655,000 and a total of 6,550,000 Units issued. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 per warrant for a period of 18 months after the closing of this first tranche.

On April 16, 2020, the Company closed of a second and final tranche of a non-brokered private placement of Units. The final tranche was completed at a price of \$0.10 per Unit for gross proceeds of \$705,000 and a total of 7,050,000 Units issued. Deveron issued a total of 13,600,000 Units for aggregate gross proceeds of \$1,360,000 in connection with the offering. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 per warrant for a period of 18 months after the closing of this second tranche.

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As consideration for the services provided for the private placements, the agents received a cash commission equal to in the aggregate \$42,000 and an aggregate of 420,000 compensation warrants. Each compensation warrant entitles the holder thereof to purchase one common share at an exercise price of \$0.20 for a period of 18 months after the private placement.

On May 11, 2020, the Company announced that it has acquired all of the operating assets of Better Harvest Inc. ("Better Harvest"), a Texas, United States based agronomy solutions business.

During the period, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022 of which \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3-year term extension at an interest rate of 5% on the balance over the term extension period. The Company expects to pay the loan prior to December 31, 2022.

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria. The Company has determined that it has qualified for this subsidy. The Company has recognized the government grant as there is reasonable assurance that it will comply with the eligibility criteria and that the subsidy will be received. Included in salaries expense for the nine months ended September 30, 2020 is \$34,888 relating to the CEWS program in order to reduce the expense that the grant is intended to offset.

During the period, the Company applied for and received loan proceeds in the amount of \$65,628 (US\$49,200) ("PPP Funds") pursuant to the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") in order to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Funds (the "PPP Loan") will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. The Company expects the PPP to be forgiven in full as it believes it will meet all the criteria to forgive the loan.

On July 7, 2020, the Company announced that it will be collaborating with Terramera, a global AgTech leader, using drones and data across multiple sites throughout North America for the 2020 growing season. The project will provide Terramera access to the Company's turnkey drone data network.

On August 26, 2020, 19,250 warrants were exercised at a price of \$0.20 per unit for gross proceeds of \$3,850.

On September 14, 2020, 937,500 warrants with an exercise price of \$0.50 expired unexercised.

Company Update

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

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

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

- Data collection services via soil sampling, drones, and other methods
- Data insights to better manage inputs like fertilizer, seed, water and other crop protection that is based on highly localized data and farm variability

Deveron provides these services directly through:

- Our online presence at www.deveronuas.com
- Our growing network of local agronomists and partner channels
- Our digital affiliations with multi-national input companies

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

Trends and Economic Conditions

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

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal and provincial governments have not introduced measures which significantly impede the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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

Acquisition of Better Harvest

On May 11, 2020, the Company acquired all the operating assets of Better Harvest, a Texas based agronomy solutions business. Better Harvest provides unbiased agronomic advice, nitrogen management solutions and optimization of irrigation programs for over 100,000 acres of long-standing customers.

The allocation of the purchase price is as follows:

	Amount (\$)
Purchase price allocation	
Cash payment	229,515
Additional cash payment accrued (i)	139,100
Total consideration	368,615
Allocation of purchase price	
Cash	23,582
Accounts receivable and other assets	46,968
Inventory	14,088
Property, plant and equipment	74,864
Amounts payable and other liabilities	(230,885)
Goodwill	439,998
Better Harvest net assets received	368,615

(i) A time based earn out of \$139,100 (US\$100,000) payable in equal annual payments over the following two years.

Major Shareholder and Related Party Transactions

Major shareholder

At September 30, 2020, Greencastle owned and/or exercised control over 10,554,005 common shares (December 31, 2019 - 10,554,005 common shares) of Deveron, representing approximately 20.4% (December 31, 2019 - 27.7%) of the issued and outstanding common shares of the Company. The remaining 79.6% (December 31, 2019 - 72.3%) 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 20.4% (December 31, 2019 - 27.7%) 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, 2020, the Company incurred professional fees of \$7,521 and \$29,031, respectively (three and nine months ended September 30, 2019 - \$7,197 and \$25,435, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is Managing Director. 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, 2020, Marrelli Support is owed \$5,491 (December 31, 2019 - \$2,659) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$2,262 and \$6,483, respectively (three and nine months ended September 30, 2019 - \$2,198 and \$6,553, 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, 2020, DSA is owed \$1,812 (December 31, 2019 - \$1,643) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$600 and \$5,398, respectively (three and nine months ended September 30, 2019 - \$800 and \$5,541, respectively) 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, 2020, Filing is owed \$509 (December 31, 2019 - \$588) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company incurred professional fees of \$736 and \$2,720, respectively (three and nine months ended September 30, 2019 - \$384 and \$1,376, respectively) 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, 2020, Press Release is owed \$506 (December 31, 2019 - \$316) and this amount is included in amounts payable and other liabilities.

During the three and nine months ended September 30, 2020, the Company also incurred legal fees of \$9,444 and \$21,185, respectively (three and nine months ended September 30, 2019 - \$3,877 and \$27,340, 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, 2020 amounts payable and other liabilities is \$2,613 due to Irwin Lowy LLP (December 31, 2019 - \$nil).

During the three and nine months ended September 30, 2020, salaries and benefits of \$45,000 and \$165,000, respectively (three and nine months ended September 30, 2019 - \$45,000 and \$155,000, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the September 30, 2020 amounts payable and other liabilities is \$nil due to the CEO and director of the Company (December 31, 2019 - \$11,360).

During the three and nine months ended September 30, 2020, salaries and benefits of \$9,375 and \$28,125, respectively (three and nine months ended September 30, 2019 - \$9,375 and \$38,125, respectively) were paid to a director of its parent company, Greencastle.

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During the three and nine months ended September 30, 2020, salaries and benefits of \$nil and \$22,500, respectively (three and nine months ended September 30, 2019 - \$nil and \$22,500, respectively) were paid to directors of the Company.

During the three and nine months ended September 30, 2020, the Company incurred rent expense of \$7,500 and \$30,000, respectively (three and nine months ended September 30, 2019 - \$7,550 and \$22,550, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated financial statements of comprehensive loss.

During the three and nine months ended September 30, 2020, the Company incurred corporate advisory service expense of \$nil (three and nine months ended September 30, 2019 - \$nil and \$9,000, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

Included in September 30, 2020 amounts payable and other liabilities is \$7,500 due to Greencastle (December 31, 2019 - \$nil) for rent payable.

Outlook

For the immediate future, the Company intends to develop the data collection and analytics business. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future. See "Cautionary Note Regarding Forward-Looking Statements".

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

Financial Highlights

Three months ended September 30, 2020, compared with three months ended September 30, 2019

Deveron's net loss totaled \$571,802 for three months ended September 30, 2020, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$411,607 with basic and diluted loss per share of \$0.01 for the three months ended September 30, 2019. The increase of \$160,195 in net loss was principally due to the following:

- Data collection and data analytics revenues increased by \$67,326 for the three months ended September 30, 2020, compared to the three months ended September 30, 2019. The increase is attributable to the new business of the Company since the acquisition of Better Harvest.
- Cost of services increased by \$81,438 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The increase is attributable to direct costs (such as salaries and benefits, travel fees, software, drone maintenance, drone equipment, agronomic services, processing fees, training, office and general and consulting fees) incurred to generate income. The increase is attributable to the new business of the Company and successful launch of its soil sampling service.
- Professional fees increased by \$19,029 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The increase is attributable to increased corporate activity requiring external professional support.

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- Interest expense decreased by \$2,870 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The decrease is attributable to the lease liability recognition.
- Office and general increased by \$267,429 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 and consisted of costs such as advertising and promotion, supplies, internet, rent, lab fees and bank service charges.
- Salaries and benefits decreased by \$32,529 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The decrease is attributable to the Company hiring a different number of employees during the current period compared to the comparative period.
- Shareholder relations increased by \$29,572 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The increase is attributable to higher shareholder relation services required by the Company during the current period.
- Travel expenses decreased by \$5,208 for three months ended September 30, 2020 compared to the three months ended September 30, 2019. The decrease is attributable to lower corporate activity requiring travel by management and employees.
- Depreciation decreased by \$2,202 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The decrease is comparable to the prior year.
- Business development increased by \$1,270 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The increase is comparable to the prior year.
- Share-based payments decreased by \$144,790 for the three months ended September 30, 2020 compared to the three months ended September 30, 2019. The decrease is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.
- All other expenses related to general working capital expenditures.

Nine months ended September 30, 2020, compared with nine months ended September 30, 2019

Deveron's net loss totaled \$1,064,361 for nine months ended September 30, 2020, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$1,396,193 with basic and diluted loss per share of \$0.04 for the nine months ended September 30, 2019. The decrease of \$331,832 in net loss was principally due to the following:

- Data collection and data analytics revenues increased by \$646,076 for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The increase is attributable to the new business of the Company since the acquisition of Better Harvest.
- Cost of services increased by \$51,011 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase is attributable to direct costs (such as salaries and benefits, travel fees, software, drone maintenance, drone equipment, agronomic services, processing fees, training, office and general and consulting fees) incurred to generate income. The increase is attributable to the new business of the Company and successful launch of its soil sampling service.

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- Professional fees increased by \$48,708 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase is attributable to increased corporate activity requiring external professional support.
- Interest expense decreased by \$714 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The decrease is attributable to the lease liability recognition.
- Office and general increased by \$456,242 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 and consisted of costs such as advertising and promotion, supplies, internet, rent, lab fees and bank service charges.
- Salaries and benefits increased by \$59,764 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase is attributable to the Company hiring a different number of employees during the current period compared to the comparative period.
- Shareholder relations increased by \$13,487 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase is attributable to higher shareholder relation services required by the Company during the current period.
- Travel expenses decreased by \$7,879 for nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The decrease is attributable to lower corporate activity requiring travel by management and employees.
- Depreciation increased by \$26,941 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The increase is attributable to depreciation recorded on computer equipment, drones, vehicles and right-of-use assets acquired during the current and prior years.
- Business development decreased by \$5,039 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The decrease is attributable to less research done by the Company which required external business development support.
- Share-based payments decreased by \$403,434 for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. The decrease is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.
- All other expenses related to general working capital expenditures.

Deveron's total assets at September 30, 2020 were \$4,337,150 (December 31, 2019 - \$3,855,407) against total liabilities of \$878,647 (December 31, 2019 - \$736,336). The increase in total assets of \$481,743 resulted from cash received from private placements, which was offset by the cash spent on operating costs. The Company does have sufficient current assets to pay its existing liabilities of \$878,647 at September 30, 2020.

Cash Flow

At September 30, 2020, the Company had cash and cash equivalents of \$1,126,018. The decrease in cash and cash equivalents of \$151,886 from the December 31, 2019 cash balance of \$1,277,904 was a result of cash outflow in operating activities of \$1,294,072, cash outflow from investing activities of \$296,450 and cash inflows of \$1,438,636 from financing activities. Operating activities were affected by depreciation of \$152,719, share-based payments of \$94,367, interest expense of \$16,114, gain on disposition of property, plant and equipment of \$1,720, bad debts of \$45,464 and net change in non-cash working capital balances of \$536,655 because of an increase in accounts receivable and other assets of \$185,394, a decrease in inventory of \$14,088, a decrease in amounts payable and other liabilities of \$258,511, decrease in unearned revenue of \$14,892 and lease payments of \$91,946. Investing activities were affected by the cash payment for the acquisition of Better Harvest of \$229,515, purchase of property, plant and equipment of \$83,399 and proceeds from sale of property, plant and equipment of \$16,464. Financing activities were affected by the cash acquired from the acquisition of Better Harvest of \$23,582, proceeds from loans payable of \$105,628, issuance of common shares for private placements of \$1,360,000, proceeds from exercise of warrants of \$3,850, which was offset by share issue costs of \$54,424.

Liquidity and Financial Position

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

As at September 30, 2020, the Company had a working capital of \$1,418,205 (December 31, 2019 – working capital of \$1,502,702). The Company's continuing operations are dependent on its ability to secure equity and/or debt financing.

During the period, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit will be converted to a 2-year 0% interest term loan, to be repaid by December 31, 2022 of which \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3-year term extension at an interest rate of 5% on the balance over the term extension period. The Company expects to pay the loan prior to December 31, 2022.

During the period, the Company applied for and received loan proceeds in the amount of \$65,628 (US\$49,200) pursuant to the PPP. The PPP was established as part of the CARES Act in order to enable small businesses to pay employees during the economic slowdown caused by COVID-19 by providing forgivable loans to qualifying businesses for up to 2.5 times their average monthly payroll costs. The amount borrowed by the Company under the PPP is eligible to be forgiven provided that (a) the Company uses the PPP Funds during the 24-week period after receipt thereof, and (b) the PPP Funds are only used to cover payroll costs (including benefits), rent, mortgage interest, and utility costs. The amount of loan forgiveness will be reduced if, among other reasons, the Company does not maintain staffing or payroll levels. Principal and interest payments on any unforgiven portion of the PPP Loan will be deferred for six months and will accrue interest at a fixed annual rate of 1%. Additionally, the PPP Loan balance will carry a two-year maturity date. There is no prepayment penalty on the PPP Loan. The Company expects the PPP to be forgiven in full as it believes it will meet all the criteria to forgive the loan.

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In the following 12-month period, the business objective of Deveron is to further establish credibility and gain market awareness of the service offering to growers in Canada and select other operating regions in the United States. Deveron intends to do this by accomplishing the following business objectives:

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

Deveron anticipates that in order to accomplish its business objectives, it will have to meet the following milestones:

Event	Cost	Spent	Timing
Continued development of on-demand data network	\$200,000	\$2,000	12 months
Growth of data analytics offering	\$300,000	\$200,000	12 months
Ongoing Marketing Campaign	\$150,000	\$100,000	12 months
Data Infrastructure Investment	\$100,000	\$100,000	12 months
Product Feasibility Testing with Partners	\$250,000	\$125,000	12 months
Total	\$1,000,000	\$750,000	

Deveron may need to adjust the timeframe for meeting various business objectives and milestones depending on the availability of funds. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of Deveron. For these reasons, it is considered to be in the best interests of Deveron and its shareholders to afford management a reasonable degree of flexibility as to how the funds are deployed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates.

Based on the rate of expenditure above, the Company will have sufficient cash to fund its operations for the twelve months ended September 30, 2021.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for year ended December 31, 2019, available on SEDAR at www.sedar.com.

Covid-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot

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predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

Strategic & Operational Risks

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

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

Liquidity risk and capital management

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

Market Risk

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

Disclosure of Internal Controls

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

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consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

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

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

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

Event After The Reporting Period

On October 26, 2020, the Company announced that it has expanded its network of soil sampling data technicians adding new hubs in Saskatchewan, Canada and Nebraska, United States. With increased capacity of up to 150,000 acres of soil sampling per season, Deveron is continuing to develop a turn-key solution to increase soil sampling volume.