GREENCASTLE RESOURCES LTD.

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
Three and Nine Months Ended September 30, 2017
(Unaudited)

NOTICE TO READER

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

Greencastle Resources Ltd.

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

	As at September 30, 2017	As at December 31, 2016
Assets		
Current assets		
Cash and cash equivalents (Note 4)	**$ 1,602,309**	$ 2,186,368
Marketable securities (Note 5)	**2,117,714**	1,446,876
Sundry receivable (Note 6)	**444,540**	135,804
Royalties receivable	**1,967**	1,930
Prepaid expenses	**291,877**	38,357
Total current assets	**4,458,407**	3,809,335
Non-current assets		
Property, plant and equipment (Note 7)	**294,637**	84,081
Oil and gas interests	**1**	1
Long-term investment (Note 8)	**1**	1
Goodwill (Note 3)	**612,741**	612,741
Total non-current assets	**907,380**	696,824
Total assets	**$ 5,365,787**	$ 4,506,159
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 319,847**	$ 130,109
Decommissioning liability	**21,914**	24,839
Securities to be sold under repurchase agreements (Note 11)	**324,800**	261,600
Total liabilities	**666,561**	416,548
Equity		
Share capital (Note 12)	**6,756,642**	6,841,214
Reserves	**2,590,486**	2,332,813
Deficit	**(5,712,632)**	(5,329,494)
Total attributable to parent	**3,634,496**	3,844,533
Non-controlling interest	**1,064,730**	245,078
Total equity	**4,699,226**	4,089,611
Total liabilities and equity	**$ 5,365,787**	$ 4,506,159

The 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 19)

Greencastle Resources Ltd.

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

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenues				
Royalty income - oil and gas	**$ 2,780**	$ 14,588	**$ 10,168**	$ 26,713
Drone income	**94,840**	43,125	**174,873**	43,325
Other items				
Gain on marketable securities (Note 5)	**221,006**	147,950	**268,174**	396,704
Gain on long-term investments (Note 8)	**360,000**	-	**360,000**	-
Property option revenue (Note 16(i))	**50,000**	50,000	**50,000**	50,000
Interest and dividend income (Note 5)	**13,996**	5,641	**34,267**	17,332
(Loss) gain on foreign exchange	**(91,897)**	59,577	**(176,524)**	(238,431)
Change in fair value of derivative liability (Note 11)	**(113,000)**	-	**(63,200)**	-
Gain on debt settlement (Note 3(iii))	**-**	-	**240,000**	-
	537,725	320,881	**897,758**	295,643
Expenses				
Office and general (Note 14(a)(ii)(iii)(v))	**242,206**	191,468	**685,324**	543,293
Shareholder relations	**26,707**	41,578	**245,796**	157,613
Accounting (Notes 14(a)(i) and (b)(i))	**22,062**	24,231	**62,125**	63,953
Professional fees (Note 14(b)(ii))	**12,079**	14,346	**61,524**	65,703
Cost of services	**83,824**	-	**138,269**	-
Travel	**31,483**	24,258	**72,057**	38,026
Depreciation (Note 7)	**53,084**	15,323	**105,686**	29,248
Exploration expenditures (Note 16)	**34,549**	29,001	**71,235**	43,631
Payments to directors (Note 14(a)(iv))	**15,000**	15,000	**30,000**	30,000
Consulting fees	**7,500**	4,500	**35,015**	30,215
Business development	**56,607**	-	**105,523**	-
Share-based payments (Note 13(i))	**-**	10,410	**-**	10,410
Rent	**1,369**	(1,737)	**11,591**	(5,262)
Interest expense	**-**	142	**-**	1,243
	586,470	368,520	**1,624,145**	1,008,073
Net loss for the period	**$ (48,745)**	$ (47,639)	**$ (726,387)**	$ (712,430)
Attributable to:				
Equity holders of the Company	**$ (102,577)**	$ 5,117	**$ (416,935)**	$ (561,360)
Non-controlling interests	**53,832**	(52,756)	**(309,452)**	(151,070)
	$ (48,745)	$ (47,639)	**$ (726,387)**	$ (712,430)
Basic and diluted income (loss) per share (Note 15)				
Equity holders of the Company				
- basic	**$ (0.00)**	$ 0.00	**$ (0.01)**	$ (0.01)
- diluted	**$ (0.00)**	$ 0.00	**$ (0.01)**	$ (0.01)
Non-controlling interest				
- basic	**$ 0.00**	$ (0.00)	**$ (0.01)**	$ (0.00)
- diluted	**$ 0.00**	$ (0.00)	**$ (0.01)**	$ (0.00)

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

Greencastle Resources Ltd.

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

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net loss for the period	**$ (48,745)**	$ (47,639)	**$ (726,387)**	$ (712,430)
Other comprehensive income (loss)				
Items that will be reclassified subsequently to the profit or loss statements				
Foreign exchange translation	**64,843**	(24,738)	**122,711**	89,216
Total comprehensive income (loss) for the period	**$ 16,098**	$ (72,377)	**$ (603,676)**	$ (623,214)
Attributable to:				
Equity holders of the Company	**$ (37,734)**	$ (19,621)	**$ (294,224)**	$ (472,144)
Non-controlling interests	**53,832**	(52,756)	**(309,452)**	(151,070)
	$ 16,098	$ (72,377)	**$ (603,676)**	$ (623,214)

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

Greencastle Resources Ltd.

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

	Nine Months Ended September 30, 2017	2016
Cash (used in) provided by		
Operating activities		
Net loss for the period before interest and dividend income	**$ (760,654)**	$ (729,762)
Adjustments for non-cash items:		
Depreciation	**105,686**	29,248
Share-based payments	**-**	10,410
Change in fair value of derivative liability	**63,200**	-
Gain on marketable securities	**(268,174)**	(396,704)
Interest expense	**-**	1,243
Gain on debt settlement	**(240,000)**	-
Changes in non-cash working capital:		
Sundry receivable	**(308,736)**	(59,709)
Royalties receivable	**(37)**	(5,189)
Prepaid expenses	**(253,520)**	(40,895)
Accounts payable and accrued liabilities	**189,738**	24,863
Decommissioning liability	**(2,925)**	(2,105)
Total cash used in operating activities	**(1,475,422)**	(1,168,600)
Financing activities		
Cash acquired from the Acquisition	**-**	8,801
Proceeds from exercise of stock options	**4,800**	-
Share repurchase	**(59,098)**	(129,825)
Proceeds from promissory notes	**-**	100,000
Total cash used in financing activities	**(54,298)**	(21,024)
Investing activities		
Proceeds from sale of marketable securities	**391,417**	605,682
Purchase of marketable securities	**(794,081)**	(1,137,221)
Purchase of property, plant and equipment	**(316,242)**	(120,160)
Dilution of investment in Deveron	**1,507,589**	542,616
Interest received	**200**	274
Dividends received	**34,067**	17,058
Total cash used in investing activities	**822,950**	(91,751)
Foreign exchange	**122,711**	89,216
Net decrease in cash and cash equivalents	**(584,059)**	(1,192,159)
Cash and cash equivalents, beginning of period	**2,186,368**	3,605,620
Cash and cash equivalents, end of period	**$ 1,602,309**	$ 2,413,461

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

Greencastle Resources Ltd.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital	Reserves: Equity settled share-based payments reserve	Reserves: Foreign currency translation reserve	Reserves: Contributed surplus on dilution gain	Deficit	Total attributable to parent	Non-controlling interest	Total equity
Balance, December 31, 2015	**$ 7,058,663**	**$ 1,648,695**	**$ (301,444)**	**$ 314,524**	**$ (4,538,906)**	**$ 4,181,532**	**$ (221,384)**	**$ 3,960,148**
Share-based payments (Note 13(i))	-	10,410	-	-	-	10,410	-	10,410
Dilution gain on Deveron, net (Note 18(i))	-	-	-	697,890	-	697,890	577,965	1,275,855
Share repurchase (Note 12(i)(ii))	(201,548)	-	-	-	71,723	(129,825)	-	(129,825)
Net loss for the period	-	-	-	-	(561,360)	(561,360)	(151,070)	(712,430)
Other comprehensive income for the period	-	-	89,216	-	-	89,216	-	89,216
Balance, September 30, 2016	**$ 6,857,115**	**$ 1,659,105**	**$ (212,228)**	**$ 1,012,414**	**$ (5,028,543)**	**$ 4,287,863**	**$ 205,511**	**$ 4,493,374**
Balance, December 31, 2016	**$ 6,841,214**	**$ 1,659,105**	**$ (251,380)**	**$ 925,088**	**$ (5,329,494)**	**$ 3,844,533**	**$ 245,078**	**$ 4,089,611**
Stock options exercised	8,323	(3,523)	-	-	-	4,800	-	4,800
Non-controlling interests	-	-	-	-	-	-	1,267,589	1,267,589
Dilution gain on Deveron, net (Note 18(ii))	-	-	-	138,485	-	138,485	(138,485)	-
Share repurchase (Note 12(ii)(iii))	(92,895)	-	-	-	33,797	(59,098)	-	(59,098)
Net loss for the period	-	-	-	-	(416,935)	(416,935)	(309,452)	(726,387)
Other comprehensive income for the period	-	-	122,711	-	-	122,711	-	122,711
Balance, September 30, 2017	**$ 6,756,642**	**$ 1,655,582**	**$ (128,669)**	**$ 1,063,573**	**$ (5,712,632)**	**$ 3,634,496**	**$ 1,064,730**	**$ 4,699,226**

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

1. Nature of operations and going concern

The consolidated statements incorporate the financial statements of Greencastle Resources Ltd. and its subsidiaries (the "Company" or "Greencastle"). The Company is a diversified company with interests in gold and base metals exploration and oil and gas exploration and royalties, as well as in strategic investments in other companies that are traded on the North American exchanges. On January 1, 2004, Vergene Capital Corp. amalgamated with two of its wholly owned subsidiaries, Baymar Capital Corporation and 1439993 Ontario Limited, and continued under the name Vergene Capital Corp. On May 5, 2004, Vergene Capital Corp. changed its name to Greencastle Resources Ltd. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol VGN. The primary office is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. The Company's year end is December 31st.

On April 18, 2016, the Company completed the dissolution of Greencastle Resources Inc., a wholly-owned subsidiary of the Company.

On July 14, 2016, one of the Company's subsidiaries, Deveron UAS Corp. (formerly Deveron Resources Ltd.) ("Deveron"), completed the acquisition of 2487473 Ontario Inc. (operating as Eagle Scout Imaging) ("Eagle Scout") (refer to Note 3) and Deveron's common shares were delisted from the TSXV. On July 19, 2016, Deveron's common shares were accepted for listing on the Canadian Securities Exchange ("CSE"), and its common shares commenced trading on the CSE under its existing symbol "DVR".

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. Certain principal conditions and events are prevalent which indicate that there could be significant doubt about the Company's ability to continue as a going concern for a reasonable period of time. These include: (i) recurring operating losses and (ii) inability to obtain additional financing. Furthermore, additional funding may be required to carry on the exploration and evaluation of the Company's mineral properties. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of its properties if they are proven successful and/or the realization of proceeds from the sale of one or more of its properties. These unaudited condensed interim consolidated financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Summary of significant accounting policies

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 28, 2017, 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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. Summary of significant accounting policies (continued)

Recent accounting pronouncements

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

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

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

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

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

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

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

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

(Expressed in Canadian Dollars)

3. Acquisition of Eagle Scout

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

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

The allocation of the purchase price is as follows:

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

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

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

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

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

During the three months ended March 31, 2017, the agreement was amended to remove the Additional Payment Shares consideration which resulted in a gain on debt settlement of $240,000 recorded in the unaudited condensed interim consolidated statement of loss.

(iv) The promissory notes receivable was due from Deveron. Refer to Note 10.

(Expressed in Canadian Dollars)

4. Cash and cash equivalents

	As at September 30, 2017	As at December 31, 2016
Cash	**$ 1,221,448**	$ 697,276
Money market investments	**380,861**	1,489,092
Total cash and cash equivalents	**$ 1,602,309**	$ 2,186,368

5. Marketable securities

The Company's marketable securities include common shares and other equity instruments of Canadian and US companies that are listed on the TSX, TSXV or on other stock exchanges of the United States of America.

During the three and nine months ended September 30, 2017, the Company recognized a gain of $221,006 and $268,174, respectively (three and nine months ended September 30, 2016 - gain of $147,950 and $396,704, respectively) on trading in marketable securities. The Company also earned interest and dividend income of $13,996 and $34,267, respectively (three and nine months ended September 30, 2016 - $5,641 and $17,332, respectively) from investment activity.

Marketable securities have been designated as fair value through profit and loss and are recorded at fair value using the last bid price, with changes recognized in the unaudited condensed interim consolidated statements of loss.

Marketable securities are composed of:

	As at September 30, 2017	As at December 31, 2016
Marketable securities	**$ 2,117,714**	$ 1,446,876

6. Sundry receivable

	As at September 30, 2017	As at December 31, 2016
Sales tax receivable - (Canada) (i)	**$ 19,114**	$ 36,974
Account receivable from drone income	**65,426**	8,830
Account receivable - sale of Boreal Agrominerals Inc. ("Boreal") (Note 8)	**360,000**	90,000
	$ 444,540	$ 135,804

(i) Sales tax receivable is not past due.

(Expressed in Canadian Dollars)

7. Property, plant and equipment

COST		Computer equipment		Drones		Total
Balance, December 31 2016	**$**	**15,048**	**$**	**113,612**	**$**	**128,660**
Additions		35,516		280,726		316,242
Balance, September 30, 2017	**$**	**50,564**	**$**	**394,338**	**$**	**444,902**

ACCUMULATED DEPRECIATION		Computer equipment		Drones		Total
Balance, December 31, 2016	**$**	**3,386**	**$**	**41,193**	**$**	**44,579**
Depreciation for the period		7,335		98,351		105,686
Balance, September 30, 2017	**$**	**10,721**	**$**	**139,544**	**$**	**150,265**

CARRYING AMOUNT		Computer equipment		Drones		Total
Balance, December 31, 2016	**$**	**11,662**	**$**	**72,419**	**$**	**84,081**
Balance, September 30, 2017	**$**	**39,843**	**$**	**254,794**	**$**	**294,637**

8. Long-term investment

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

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

This investment has been categorized as a long-term investment under the category of available-for-sale and was measured at cost because there is no active market for Boreal's shares and no reliable cash flow projection to allow the Company to measure the investment at fair value.

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

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

(Expressed in Canadian Dollars)

8. Long-term investment (continued)

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

- $0.03 per share immediately after December 30, 2016 ("Effective Date") (received in January 2017);
- $0.12 per share on or before the six-month anniversary of the Effective Date [1] (received in October 2017);
- $0.17 per share on or before the one-year anniversary of the Effective Date, which could be extended to the second anniversary of the Effective Date.

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

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

In January 2017, Deveron received $90,000 from the sale of Boreal (refer to Note 6).

[1] In June 2017, the new owners of Boreal were granted an extension period of three months on the second payment by the Shareholder Representatives of Boreal. Payment #2 was due on June 30, 2017 and was extended to September 30, 2017.

During the three and nine months ended September 30, 2017, Deveron recorded a gain on long-term investment of $360,000 in the unaudited condensed interim consolidated statements of comprehensive loss, being the amount of consideration for the second tranche of $0.12 per Boreal share.

In October 2017, Deveron received $360,000 from the sale of Boreal (refer to Note 6).

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to general operating activities and professional fees.

	As at September 30, 2017	As at December 31, 2016
Accounts payable	**$ 227,439**	$ 81,240
Accrued liabilities	**92,408**	48,869
Total accounts payable and accrued liabilities	**$ 319,847**	$ 130,109

The following is an aged analysis of the accounts payable and accrued liabilities:

	As at September 30, 2017	As at December 31, 2016
Less than 3 months	**$ 275,128**	$ 118,432
More than 3 months	**44,719**	11,677
Total accounts payable and accrued liabilities	**$ 319,847**	$ 130,109

(Expressed in Canadian Dollars)

10. Promissory notes

Effective March 4, 2016, the Company entered into a promissory note with Eagle Scout in the amount of $80,000. Subsequently, effective April 20, 2016, the Company entered into another promissory note with Eagle Scout in the amount of $20,000. The promissory notes incurred an interest rate of prime plus 1% per annum, were unsecured and were due on demand. The promissory notes were cancelled as part of the closing process of the Acquisition (see Note 3) and all income and expense amounts related to the promissory notes eliminated upon consolidation.

11. Securities to be sold under repurchase agreements

Movement in the derivative financial liability was as follows:

Balance, December 31, 2016	**$**	**261,600**
Change in fair value		63,200
Balance, September 30, 2017	**$**	**324,800**

On September 30, 2017, the fair value of the 2,000,000 options was remeasured using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 136% (based on the historical price history of Deveron's common shares); risk-free interest rate of 1.51%; and an expected life of 1.75 years. As a result, the fair value of the options was calculated to be $324,800 and the Company recorded the change in fair value of derivative financial liability for the three and nine months ended September 30, 2017 of $113,000 and $63,200, respectively (three and nine months ended September 30, 2016 - $nil) in the unaudited condensed interim consolidated statements of loss.

12. Share capital

Authorized
Unlimited - special shares with no par value
Unlimited - common shares with no par value

Issued
Special shares - none

Common shares:

	Shares		Amount
Balance, December 31, 2015	**44,390,671**	**$**	**7,058,663**
Share repurchase (i)(ii)	-		(201,548)
Cancellation of shares repurchased (i)	(1,640,000)		-
Balance, September 30, 2016	**42,750,671**	**$**	**6,857,115**
Balance, December 31, 2016	**42,750,671**	**$**	**6,841,214**
Share repurchase (ii)(iii)	-		(92,895)
Cancellation of shares repurchased (ii)	(1,377,500)		-
Stock options exercised	48,000		8,323
Balance, September 30, 2017	**41,421,171**	**$**	**6,756,642**

12. Share capital (continued)

Issued (continued)

(i) On March 12, 2015, the Company announced that it will conduct a normal course issuer bid (the "Issuer Bid"). The Issuer Bid will be for 3,812,305 common shares of the Company over a period of one year, being approximately 8.59% of the Company's issued and outstanding common shares, with up to 762,461 common shares of the Company purchasable over any 30-day period within the bid period, being 2% of the Company's issued and outstanding common shares. The bid period will commence on March 16, 2015, and will continue until the earlier of March 15, 2016, or the date by which the Company has acquired the maximum 3,812,305 common shares which may be purchased under the Issuer Bid.

During the nine months ended September 30, 2016, 540,000 common shares were purchased for cash consideration of $32,880 in accordance with the current Issuer Bid. The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

During the period between March 16, 2015 and March 15, 2016, the Company completed the purchase and cancellation of 1,640,000 common shares under its Issuer Bid at a volume weighted average price of $0.06 per share.

(ii) On March 24, 2016, the Company announced that it will conduct a normal course issuer bid (the "Issuer Bid 2"). The Issuer Bid 2 will be for 3,648,305 common shares of the Company over a period of one year, being approximately 8.5% of the Company's issued and outstanding common shares, with up to 855,013 common shares of the Company purchasable over any 30-day period within the bid period, being 2% of the Company's issued and outstanding common shares. The bid period will commence on March 30, 2016, and will continue until the earlier of March 29, 2017, or the date by which the Company has acquired the maximum 3,648,305 common shares which may be purchased under the Issuer Bid 2.

During the nine months ended September 30, 2017, 550,000 common shares were purchased for cash consideration of $56,140 in accordance with the current Issuer Bid 2 (nine months ended September 30, 2016 - 727,500 common shares were purchased for cash consideration of $96,945). The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

On April 28, 2017, the Company completed the cancellation of 1,377,500 common shares under its Issuer Bid 2 at a volume weighted average price of $0.12 per share.

(iii) On August 8, 2017, the Company announced that it will conduct a normal course issuer bid (the "Issuer Bid 3"). The Issuer Bid 3 will be for up to 3,499,272 common shares of the Company over a period of one year, being approximately 8.4% of the Company's issued and outstanding common shares, with up to 828,423 common shares of the Company purchasable over any 30-day period within the bid period, being 2% of the Company's issued and outstanding common shares. The bid period commenced on August 11, 2017 and will continue until the earliest of August 10, 2018, or the date by which the Company has acquired the maximum 3,499,272 common shares which may be purchased under the Issuer Bid 3.

During the nine months ended September 30, 2017, 30,500 common shares were purchased for cash consideration of $2,958 in accordance with the current Issuer Bid 3. The amount by which the repurchased amount was less than the stated capital of the shares has been credited to deficit.

As of September 30, 2017, the Company had 41,421,171 common shares issued and outstanding. As at September 30, 2017, there were 3,468,772 common shares that may be purchased by the Company under the current Issuer Bid 3.

The common shares repurchased by the Company but not cancelled being 30,500 (December 31, 2016 - 827,500) will be returned to treasury for cancellation and accordingly, they are not considered to be outstanding shares for the purposes of loss per share calculations.

(Expressed in Canadian Dollars)

13. Share-based payments

The following table reflects the continuity of stock options for the periods ended September 30, 2017 and 2016:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2015	**6,075,000**	**0.10**
Granted (i)	150,000	0.14
Cancelled	(100,000)	0.12
Balance, September 30, 2016	**6,125,000**	**0.10**
Balance, December 31, 2016	**6,125,000**	**0.10**
Expired/cancelled	(2,427,000)	0.11
Exercised	(48,000)	0.10
Balance, September 30, 2017	**3,650,000**	**0.10**

The following table reflects the Company's stock options outstanding and exercisable as at September 30, 2017:

Weighted average remaining contractual life (years)	Options outstanding		Options exercisable		
	Number of options	Weighted average exercise price ($)	Number of options	Weighted average exercise price ($)	Expiry date
0.77	150,000	0.14	150,000	0.14	July 8, 2018
1.29	1,450,000	0.10	1,450,000	0.10	January 14, 2019
2.33	2,050,000	0.10	2,050,000	0.10	January 28, 2020
1.10	3,650,000	0.10	3,650,000	0.10	

(i) On July 8, 2016, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of $0.14, expiring on July 8, 2018, pursuant to the terms of the Company's stock option plan. The options were assigned a fair value of $10,410 using the Black-Scholes option pricing model with the following assumptions: share price $0.14, dividend yield 0%, expected volatility 94% (based on the historical price history of the Company's common shares), risk-free interest rate 0.47%, and an expected life of 2 years. The options vested immediately, resulting in a share-based payment charge of $nil for the three and nine months ended September 30, 2017 (three and nine months ended September 30, 2016 - $10,410).

14. Major shareholder and related party disclosures

Major shareholder

To the knowledge of the directors and senior officers of the Company, as at September 30, 2017, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

Major shareholder	Number of common shares	Percentage of outstanding common shares
Anthony Roodenburg, Chief Executive Officer ("CEO") and a director	**5,524,449**	**13.34 %**

(Expressed in Canadian Dollars)

14. Major shareholder and related party disclosures (continued)

Major shareholder (continued)

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

Related party disclosures

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are in the normal course of business and are measured at the fair value, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) Remuneration of key management of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Carmelo Marrelli (Chief Financial Officer ("CFO")) (i)	**$ 17,924**	$ 20,438	**$ 55,234**	$ 58,196
Anthony Roodenburg, CEO (ii)	**54,000**	54,000	**162,000**	162,000
James Pirie (iii)	**15,000**	37,500	**90,000**	112,500
Director fees (iv)	**15,000**	15,000	**30,000**	30,000
David Macmillan (v)	**27,500**	27,500	**102,500**	82,500

(i) During the three and nine months ended September 30, 2017, the Company incurred professional fees and disbursements of $17,924 and $55,234, respectively (three and nine months ended September 30, 2016 - $20,438 and $58,196, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the CFO of Greencastle. 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, 2017, Marrelli Support was owed $5,026 (December 31, 2016 - $20,095) and this amount was included in accounts payable and accrued liabilities.

(ii) During the three and nine months ended September 30, 2017, the Company paid management fees of $54,000 and $162,000, respectively (three and nine months ended September 30, 2016 - $54,000 and $162,000, respectively) to Anthony Roodenburg as CEO of Greencastle, included in office and general. The amounts charged by Anthony Roodenburg are conducted on normal market terms and are recorded at their exchange value. As at September 30, 2017, Anthony Roodenburg was owed $19,056 (December 31, 2016 - $15,077) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three and nine months ended September 30, 2017, the Company paid management fees of $15,000 and $90,000, respectively (three and nine months ended September 30, 2016 - $37,500 and $112,500, respectively) to James Pirie for performing the duties of president of Greencastle, included in office and general. The amounts charged by James Pirie are conducted on normal market terms and are recorded at their exchange value. As at September 30, 2017, James Pirie was owed $7,500 (December 31, 2016 - $5,184) and this amount was included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

14. Major shareholder and related party disclosures (continued)

Related party disclosures (continued)

(iv) During the three and nine months ended September 30, 2017, directors of Greencastle received $15,000 and $30,000, respectively (three and nine months ended September 30, 2016 - $15,000 and $30,000, respectively) in director fees. Included in the September 30, 2017 accounts payable and accrued liabilities is $15,000 due to directors of Greencastle (December 31, 2016 - $nil).

(v) During the three and nine months ended September 30, 2017, salaries and benefits of $27,500 and $102,500, respectively (three and nine months ended September 30, 2016 - $27,500 and $82,500, respectively) were paid the CEO and director of Deveron and were included in office and general. Included in the September 30, 2017 accounts payable and accrued liabilities is $5,026 due to the CEO and director of Deveron (December 31, 2016 - $2,025).

(b) Other related party disclosures:

		Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
DSA Corporate Services Inc. ("DSA")	(i)	**$ 8,959**	$ 8,501	**$ 24,904**	$ 21,105
Irwin Lowy LLP ("Irwin")	(ii)	**47,124**	10,253	**94,631**	57,592

(i) During the three and nine months ended September 30, 2017, the Company incurred professional fees and disbursements of $8,959 and $24,904, respectively (three and nine months ended September 30, 2016 - $8,501 and $21,105, respectively) to DSA, an organization 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 of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2017, DSA was owed $1,689 (December 31, 2016 - $1,667) and this amount was included in accounts payable and accrued liabilities.

(ii) Legal fees paid to Irwin, a company controlled by Chris Irwin, a director of Deveron. As at September 30, 2017, Irwin was owed $73,403 (December 31, 2016 - $28,889) and this amount was included in accounts payable and accrued liabilities.

15. Net loss per common share

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Weighted average shares outstanding - basic	**41,400,824**	42,311,050	**41,435,746**	42,637,526
Dilutive effect of stock options	**-**	1,181,287	**-**	-
Weighted average shares outstanding - diluted	**41,400,824**	43,492,337	**41,435,746**	42,637,526

Basic and diluted income (loss) per share is calculated based on the weighted average number of common shares issued and outstanding during the period. The common shares repurchased by the Company but not cancelled being 30,500 (September 30, 2016 - 727,500) will be returned to treasury for cancellation and accordingly, they are not considered to be outstanding shares for the purposes of income (loss) per share calculations.

(Expressed in Canadian Dollars)

16. Exploration expenditures

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Jewel Ridge Prospect, Nevada				
Claim maintenance	**$ 20,316**	$ 20,969	**$ 34,040**	$ 34,693
Consulting fees	**9,861**	-	**26,754**	-
	$ 30,177	$ 20,969	**$ 60,794**	$ 34,693
Indian Creek Project, Nevada				
Claim maintenance	**$ 4,372**	$ 4,432	**$ 4,372**	$ 4,432
Nechako Project, British Columbia (i)				
Claim maintenance	**$ -**	$ 3,600	**$ -**	$ 3,600
Ferrier Project - Alberta				
Lease maintenance	**$ -**	$ -	**$ 6,069**	$ -
Other	**$ -**	$ -	**$ -**	$ 906
Total	**$ 34,549**	$ 29,001	**$ 71,235**	$ 43,631

(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 the Company (received), and the Company shall, within 3 days thereafter, transfer title to the Property, to Parlane.

- On the first anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall pay to the Company 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 to the Company.

17. Segmented information

As at September 30, 2017, the Company has four reportable segments: investments in private and public companies, oil and gas interests, mining interests and drones.

The Company's investment segment comprises its investment in marketable securities and investment in private companies. The oil and gas segment is comprised of its oil and gas interests. The mining segment is comprised of its mining interests in Canada and in the USA. The drone segment is comprised of property, plant and equipment.

The Company evaluates performance and allocates resources based on profit or loss from operations before income taxes as well as results from exploration. The accounting policies of the segments are the same as disclosed in Note 2 - Summary of significant accounting policies of the most recent annual audited consolidated statements as at and for the year ended December 31, 2016. There are no inter-segment transactions.

(Expressed in Canadian Dollars)

17. Segmented information (continued)

Information on reportable segments is as follows:

As at September 30, 2017	Investments	Oil and gas	Mining	Drones	Corporate	Consolidated
Revenues	$ -	$ 10,168	$ -	$ 174,873	$ -	**$ 185,041**
Interest and dividend income	34,267	-	-	-	-	**34,267**
Gain on marketable securities	268,174	-	-	-	-	**268,174**
Property option revenue	-	-	50,000	-	-	**50,000**
Change in fair value of derivative liability	-	-	-	-	(63,200)	**(63,200)**
Gain on debt settlement	-	-	-	-	240,000	**240,000**
Segment income (loss)	662,441	10,168	(21,235)	(1,283,345)	(94,416)	**(726,387)**
Segment assets	2,477,715	1,968	-	932,961	1,953,143	**5,365,787**

As at December 31, 2016	Investments	Oil and gas	Mining	Drones	Corporate	Consolidated
Revenues	$ -	$ 27,687	$ -	$ 44,297	$ -	**$ 71,984**
Interest and dividend income	27,131	-	-	-	-	**27,131**
Gain on long-term investment	90,000	-	-	-	-	**90,000**
Gain on marketable securities	488,593	-	-	-	-	**488,593**
Property option revenue	-	-	50,000	-	-	**50,000**
Segment income (loss)	605,724	27,687	7,485	(706,067)	(987,604)	**(1,052,775)**
Segment assets	1,536,877	1,931	-	693,990	2,273,361	**4,506,159**

Geographic information

All of the Company's revenues are earned in Canada. The Company has agreements on 3 (3 as at December 31, 2016) mining properties in United States of America and 1 (1 as at December 31, 2016) in Canada. The book value of those 4 (4 as at December 31, 2016) properties is $nil (December 31, 2016 - $nil). All of the rest of the Company's assets and operations are located in Canada.

18. Non-controlling interest

(i) On June 23, 2016, Deveron completed a non-brokered private placement financing of 3,621,000 common shares for gross proceeds of $724,200. Greencastle subscribed for 875,000 common shares and 437,500 warrants. On July 14, 2016, Deveron issued 1,700,001 shares pursuant to the Acquisition (refer to Note 3). In addition 125,000 common shares were issued from exercise of warrants and stock options. As a result of these transactions, Greencastle's interest in Deveron was diluted to 50.06% and recognized a dilution gain of $697,890. As at September 30, 2016, the ownership interest of Deveron by Greencastle remained at 50.06% and the non-controlling interest was 49.94%.

(ii) During the nine months ended September 30, 2017, Deveron completed a brokered private placement financing of 5,785,644 common shares for gross proceeds of $2,024,976. Greencastle subscribed for 500,000 common shares and 250,000 warrants. In addition 10,500 common shares were issued from exercise of warrants. As a result of these transactions, Greencastle's interest in Deveron was diluted to 33.94% and recognized a dilution loss of $138,485. As at September 30, 2017, the ownership interest of Deveron by Greencastle remained at 33.94% and the non-controlling interest was 66.06%.

19. Events after the reporting period

(i) On November 15, 2017, The Climate Corporation ("Climate"), a subsidiary of Monsanto Company, announced a partnership with Deveron, that will deliver farmers advanced aerial imagery data combined with powerful analytics through Climate’s industry-leading Climate FieldView™ digital agriculture platform. The addition of Deveron supports Climate’s commitment to deliver a true digital ag ecosystem where farmers can access a broad, interconnected set of tools, services and data to optimize all of their farm management decisions.

(ii) On November 23, 2017, Deveron announced that it established an Advisory Board with the initial appointments of Dr. Ian Grant and David F. Masotti. Dr. Grant and Mr. Masotti bring with them a tremendous amount of experience and success in agriculture, technology, and capital markets.

In connection with the formation of the Advisory Board, Deveron also announced that it granted 3,560,000 stock options to certain directors, officers, consultants and advisors to Deveron. The stock options may be exercised until November 22, 2022, at a price of $0.365 per share.