DEVERON UAS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Deveron UAS Corp. (formerly Deveron Resources Ltd.) ("Deveron" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this 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 ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of April 4, 2019, unless otherwise indicated.

For the purposes of preparing this 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 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 MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this 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.

Forward-looking statements	Assumptions	Risk factors
Development of Deveron's new business in the deployment of Unmanned Aerial Systems ("UAS", "UAV" or, more commonly, "drones") sector will be positive	Financing will be available for the deployment of UAS sector	Changes in debt and equity markets; 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
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending December 31, 2019 The Company expects to incur further losses in the development of its business Should the Company not raise sufficient capital or have adequate profits (defined as revenues less expenses), it may cease to be a reporting issuer	The operating activities of the Company for the twelve-month period ending December 31, 2019, 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; 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 MD&A, Deveron will require approximately $1,000,000 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 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 data 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.

Operational Highlights

Corporate

On February 23, 2018, the Company completed a non-brokered private placement through the issuance of 8,180,172 units of the Company for gross proceeds of $2,863,060.

Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.50 per common share for a period of 24 months from the date of closing.

As consideration for the services provided by finders in connection with the closing of the private placement, finders received cash commissions equal to the aggregate of 6% of subscription proceeds and an aggregate of 6% compensation warrants. Each compensation warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per common share for a period of 24 months from the date of closing.

Pursuant to the completion of the private placement led by Gravitas Securities Inc. ("Gravitas"), the Company entered into an advisory agreement with Gravitas (the "Advisory Agreement"). In connection with the Advisory Agreement, the Company agreed to grant 500,000 stock options to Gravitas. Each option will entitle Gravitas to purchase one common share of the Company at a price of $0.37 per common share pursuant to a vesting period over 12 months from the date of the Advisory Agreement.

On March 22, 2018, the Company completed a subsequent non-brokered private placement through the issuance of 1,161,714 units of the Company for gross proceeds of $406,599.

Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share of the Company at a price of $0.50 per common share for a period of 24 months from the date of closing.

As consideration for the services provided by finders in connection with the closing of the private placement, finders received cash commissions equal to the aggregate of 6% of subscription proceeds and an aggregate of 6% compensation warrants. Each compensation warrant will entitle the holder to purchase one common share of the Company at a price of $0.35 per common share for a period of 24 months from the date of closing.

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

On September 11, 2018, the Company announced that it received final payment for its previously reported tendering of its shareholdings in Boreal Agrominerals Inc. ("Boreal). The Company received final payment of approximately $0.17 per share on its original holdings of 3 million shares, totaling $517,000. In total, Deveron received cash considerations of $967,000 or approximately $0.32 per share paid in three tranches.

In addition, the Company also announced that it received final payment of $50,000 from New Gold Inc. for its Nechako gold property in British Columbia.

On October 2, 2018, Deveron repaid in full the $500,000 loan to Greencastle.

On March 25, 2019, the Company granted 2,575,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of $0.30 per share, will expire in three and five years from the issue date.

Company Update

The Company continues to develop a drone data network to provide on-demand, field level data to enterprises in the agricultural industry. The focus of the Company is to work with leading hardware, sensor and analytics providers to provide a scalable solution for using drones on the farm. Deveron continues to develop relationships with leading players in the agricultural space that see the value of working with a service based, standardized drone network.

On May 2, 2018, the Company announced that it completed integration with the John Deere Operations Center. This user enabled connection gives Operations Center users direct access to Deveron's drone data order management platform, SOAR. This API integration significantly increases the ease for users of the Operations Center to acquire ultra-high-resolution drone data by ordering flights for their farms.

On June 19, 2018, the Company announced that it launched its drone data services in the US market. Deveron will be offering drone data services to its partners across the US mid-west, where there are some 127 million acres of farmland.

With the recent integration of these services into Climate FieldView and John Deere data platforms, the Company can now offer drone data services to a significant number of new customers. With this launch of its drone data network in the United States, the Company looks forward to working with farmers that use such cutting-edge data platforms.

On July 16, 2018, the Company announced that it was awarded a National Special Flight Operations Certificate (SFOC) for operations of its Rotary-Wing Unmanned Aerial Vehicle (UAV) systems. This SFOC provides Deveron with approval to operate nine additional makes and models in its expanding UAV fleet, meeting common customer demands for increased operational flexibility. The ability to operate across Canada seamlessly provides Deveron with additional capabilities and allows it to further expand its service to all regions as it offers on-demand solutions for growers, plant breeders, and research group.

On September 12, 2018, the Company announced that Deveron and A & L Canada Laboratories Inc. ("A & L") will form a strategic alliance working towards completion of a definitive collaboration agreement. The alliance between the companies considers several elements including cross promotion of existing services, joint development of value-add imaging and mapping products, and future development of remote sensing data integration services for farm client. The goal of the alliance is to advance crop data collection, analysis and interpretation for enhanced farm productivity.

A & L is an innovative, research driven technology company focused on sustainable development. Through leading expertise, modern laboratory facilities and strong customer focus, A & L serves a wide range of industries including Agriculture, Environmental, Food & Pharma -- globally. In Agriculture, A & L provides comprehensive analytical services for soil, plant tissue, feed, fertilizer, and water. A & L's services also include production recommendations, remote sensing and precision agriculture capabilities. A & L Biologicals Inc. focuses on research and development of biological compounds for use in agricultural production systems. The company operates two world class analytical laboratories serving clients throughout Canada, the U.S. and Internationally.

As announced on November 14, 2018, the initial product offering will be geared towards an innovative, cost-effective approach to sampling soil across North American farms. The product offering will use high-resolution in-season imagery data collected by UAV to drive and create site specific soil sampling points on farms. This collection method uses science, data and analytics to plan and target optimum soil sampling points across the 400 million acres of farmland in North America.

Farmers, ag retailers and consultants can use soil data to make data driven decisions around the use of fertilizer and inputs and where to maximize input efficiency on the land. Bundled drone data and soil sampling also provides a data collection option that is cost-effective and scalable when compared to traditional grid soil sampling methods. Clients will also be able to leverage the high-resolution imagery data as another important layer in their growing precision agriculture program and to augment measures to improve soil health.

On January 3, 2019, the Company and agriculture retailer South West Agromart ("South West"), a member of the Agromart Company of Canada, jointly announced a collaborative initiative between South West and Veritas. This joint initiative is a fresh approach to introducing value-added data solutions to farmers in south western Ontario, including precision farming applications.

On January 23, 2019, the Company announced the launch of new product offerings for crop researchers and breeders. These tools enable the rapid collection of measurements across research trials for more efficient and insightful monitoring.

On January 29, 2019, the Company announced that it entered into a service agreement with A & L Canada Laboratories Inc. ("A & L") in which A & L will engage Deveron to administer, manage and execute A & L's soil sampling collection business. The initial term of the agreement is for 5 years and has an anticipated value of $3.8M over the term of the agreement.

On March 11, 2019, the Company announced that it was awarded an artificial intelligence ("AI") for Earth grant from Microsoft to help further the Company's efforts in AI and making recommendations and predictions using agricultural data.

Acquisition of Veritas

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

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

All securities issued in connection with the Acquisition are subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable securities legislation.

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

The allocation of the purchase price is as follows:

	Amount ($)
Purchase price allocation	
Issuance of common shares (i)	787,500
Issuance of warrants (ii)	95,714
Cash payment	320,000
Additional cash payment accrued (iii)	109,719
Total consideration	**1,312,933**
Allocation of purchase price	
Cash	41,177
Amounts receivable and other assets	504,136
Property, plant and equipment	24,310
Goodwill	814,566
Amounts payable and other liabilities	(71,256)
Veritas net assets received	**1,312,933**

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

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

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

(iv) The net loss of Veritas since the acquisition date (September 14, 2018) included in the consolidated statement of comprehensive loss for the reporting period is $153,230.

Trends

Deveron's operations are focused within the agriculture marketplace. UAS technology and other data solutions could have a significant effect on this market by allowing farmers to reduce costs and strengthen yields therefore improving 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.

Major Shareholder and Related Party Transactions

Major shareholder

At December 31, 2018, Greencastle Resources Ltd. ("Greencastle") owned and/or exercised control over 8,524,505 common shares (December 31, 2017 – 8,329,005 common shares) of Deveron, representing approximately 22.5% (December 31, 2017 – 33.6%) of the issued and outstanding common shares of the Company. The remaining 77.5% (December 31, 2017 – 66.4%) of the shares are widely held, which includes various small holdings which are owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

The Company's major shareholder does not have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, other than Greencastle, which owns or controls, directly or indirectly, approximately 22.5% (December 31, 2017 – 33.6%) 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 year ended December 31, 2018, the Company incurred professional fees of $36,016 (year ended December 31, 2017 - $36,594) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer of Deveron. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2018, Marrelli Support is owed $8,970 (December 31, 2017 - $9,080) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2018, the Company incurred professional fees of $15,600 (year ended December 31, 2017 - $18,001) to DSA Corporate Services Inc. ("DSA"), an organization of which 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 December 31, 2018, DSA is owed $824 (December 31, 2017 - $1,550) and this amount is included in amounts payable and other liabilities.

During the year ended December 31, 2018, the Company also incurred legal fees of $38,682 (year ended December 31, 2017 - $88,991) 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 December 31, 2018 amounts payable and other liabilities is $3,502 due to Irwin Lowy LLP (December 31, 2017 - $7,236).

During the year ended December 31, 2018, salaries and benefits of $162,500 (year ended December 31, 2017 - $130,000) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the December 31, 2018 amounts payable and other liabilities is $12,811 due to the CEO and director of the Company (December 31, 2017 - $491).

During the year ended December 31, 2018, salaries and benefits of $30,000 (year ended December 31, 2017 - $nil) were paid to a director of Deveron.

During the year ended December 31, 2018, salaries and benefits of $nil (year ended December 31, 2017 - $15,000) were paid to a director of its parent company, Greencastle.

During the year ended December 31, 2018, director fees of $30,000 (year ended December 31, 2017 - $nil) were paid to directors of the Company.

Greencastle loaned Deveron $500,000, which bears interest at prime plus 5.3% and is due on demand. As security for the loans, Deveron granted Greencastle a security interest over all assets of the Company. Included in due to related party as at December 31, 2018 is $nil due to Greencastle (December 31, 2017 - $500,000). For the year ended December 31, 2018, interest of $32,664 (year ended December 31, 2017 - $40,986) was recorded and included in interest expense in the consolidated statements of comprehensive loss. Included in December 31, 2018 amounts payable and other liabilities is $nil due to Greencastle (December 31, 2017 - $10,712) for interest payable.

During the year ended December 31, 2018, the Company incurred rent expense of $30,000 (year ended December 31, 2017 - $30,000) to Greencastle which is included in office and general in the consolidated statements of comprehensive loss. Included in December 31, 2018 amounts payable and other liabilities is $7,500 due to Greencastle (December 31, 2017 - $8,475) for rent payable.

During the year ended December 31, 2018, the Company incurred corporate development service expense of $nil (year ended December 31, 2017 - $23,000) to Greencastle which is included in business development in the consolidated statements of comprehensive loss.

During the year ended December 31, 2018, the Company incurred consulting expense of $nil (year ended December 31, 2017 - $175,000) to Greencastle which is included in consulting fees in the consolidated statements of comprehensive loss. These fees are related to Greencastle providing an option to purchase one million shares of the Company at $0.30 to the Head - UAS Agriculture of the Company.

In connection with the second tranche completed on June 2, 2017, the following transaction occurred:

- Greencastle subscribed for 500,000 units of the Company.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. However, the Company continues to develop the UAS business, as well as searching for a financing.

Outlook

For the immediate future, the Company intends to develop the data acquisition 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 "Trends" and "Risk Factors".

Selected Annual Financial Information

The following is selected financial data derived from the audited annual consolidated financial statements of the Company as at December 31, 2018, 2017 and 2016 and for the years then ended.

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Total revenues	$500,626	$209,022	$44,297
Total loss	$(1,479,416)	$(1,585,750)	$(521,770)
Net loss per share – basic	$(0.04)	$(0.07)	$(0.04)
Net loss per share – diluted	$(0.04)	$(0.07)	$(0.04)
	As at December 31, 2018	**As at December 31, 2017**	**As at December 31, 2016**
Total assets	$4,901,616	$2,306,521	$1,062,079
Total non-current financial liabilities	$22,624	$nil	$nil
Distribution of cash dividends	$nil	$nil	$nil

- The net loss for the year ended December 31, 2018, consisted primarily of (i) share-based payments of $356,731; (ii) salaries and benefits of $668,822; (iii) shareholder relations of $214,380; (iv) business development of $261,277; (v) depreciation of $231,034; (vi) professional fees of $103,880; (vii) discontinued operations income of $50,000; and (viii) other working capital expenditures incurred to maintain the operations of the Company which was offset by (i) net drone and agronomic services of $144,194; (ii) gain on long-term investments of $507,131; and (iii) interest income of $36,339.

- The net loss for the year ended December 31, 2017, consisted primarily of (i) share-based payments of $867,922; (ii) salaries and benefits of $329,748; (iii) shareholder relations of $241,533; (iv) consulting fees of $175,000; (v) business development of $169,843; (vi) depreciation of $158,914; (vii) professional fees of $99,054; (viii) discontinued operations income of $50,000; and (viii) other working capital expenditures incurred to maintain the operations of the Company which was offset by (i) net drone income of $63,284; (ii) gain on long-term investments of $360,000; and (iii) gain on debt settlement of $240,000.

- The net loss for the year ended December 31, 2016, consisted primarily of (i) share-based payments of $61,120; (ii) professional fees of $94,149; (iii) salaries and benefits of $146,030; (iv) shareholder relations of $139,979; (v) depreciation of $44,579; (vi) discontinued operations income of $46,400; (vii) gain on long-term investments of $90,000 and (viii) other working capital expenditures incurred to maintain the operations of the Company.

- As the Company has no significant recurring revenue from its drone operation at present, its ability to fund its operations is dependent upon securing financing. See "Trends" above and "Risk Factors" below.

Selected Quarterly Information

Three Months Ended	Total Revenue ($)	Profit or Loss		Total Assets ($)
		Total ($)	Basic and Diluted Loss Per Share ($) [9]	
2017-March 31	-	80,243 [1]	0.00	925,452
2017-June 30	80,033	(620,203) [2]	(0.03)	2,349,442
2017-September 30	94,840	81,488 [3]	0.00	2,352,494
2017-December 31	34,149	(1,127,278) [4]	(0.04)	2,306,521
2018-March 31	31,430	(589,601) [5]	(0.02)	5,034,406
2018-June 30	127,199	(455,495) [6]	(0.01)	4,619,205
2018-September 30	108,416	148,482 [7]	0.00	5,789,260
2018-December 31	233,581	(582,802) [8]	(0.02)	4,901,616

Notes:

(1) The Company's net income totaled $80,243 for the three months ended March 31, 2017, with basic and diluted income per share of $0.00. Activities for the three months ended March 31, 2017, principally involved salaries and benefits of $46,627; shareholder relations of $35,661 pertaining to regulatory filing fees; professional fees of $12,549; representing costs incurred for general legal, accounting and audit services; interest expenses of $9,863; depreciation of $16,268; travel expense of $10,538; office and general of $16,363; cost of services of $11,888; which was offset by gain on debt settlement of $240,000.

(2) The Company's net loss totaled $620,203 for the three months ended June 30, 2017, with basic and diluted loss per share of $0.03. Activities for the three months ended June 30, 2017, principally involved shareholder relations of $161,306 pertaining to regulatory filing fees; professional fees of $39,456, representing costs incurred for general legal, accounting and audit services; salaries and benefits of $124,427; interest expenses of $9,973; depreciation of $36,334; travel expenses of $18,644; consulting fees of $175,000; business development of $48,916; office and general of $43,623; cost of services of $42,557; which was offset by drone income of $80,033.

(3) The Company's net income totaled $81,488 for the three months ended September 30, 2017, with basic and diluted income per share of $0.00. Activities for the three months ended September 30, 2017, principally involved shareholder relations of $22,246 pertaining to regulatory filing fees; professional fees of $18,017, representing costs incurred for general legal, accounting and audit services; salaries and benefits of $91,200; interest expenses of $10,438; travel expenses of $21,580; depreciation of $53,084; office and general of $59,867; and cost of services of $90,313; which was offset by drone income of $94,840; gain on long-term investment of $360,000; and income from discontinued operations of $50,000.

(4) The Company's net loss totaled $1,127,278 for the three months ended December 31, 2017, with basic and diluted loss per share of $0.04. Activities for the three months ended December 31, 2017, principally involved share-based payments of $867,922; salaries and benefits of $67,494;

business development of $64,320; shareholder relations of $22,320 pertaining to regulatory filing fees and consulting fees; professional fees of $29,032, representing costs incurred for general legal, accounting and audit services; interest expenses of $16,766; depreciation of $53,228; office and general of $11,154; and cost of services of $14,029 which was offset by drone income of $34,149.

(5) The Company's net loss totaled $589,601 for the three months ended March 31, 2018, with basic and diluted loss per share of $0.02. Activities for the three months ended March 31, 2018, principally involved share-based payments of $175,302; salaries and benefits of $111,427; business development of $45,111; shareholder relations of $121,181 pertaining to regulatory filing fees and consulting fees; professional fees of $17,839, representing costs incurred for general legal, accounting and audit services; interest expenses of $10,729; travel of $18,622; depreciation of $54,703; office and general of $29,362; and cost of services of $36,755 which was offset by drone income of $31,430.

(6) The Company's net loss totaled $455,495 for the three months ended June 30, 2018, with basic and diluted loss per share of $0.01. Activities for the three months ended June 30, 2018, principally involved share-based payments of $107,305; salaries and benefits of $125,949; business development of $49,560; shareholder relations of $72,594 pertaining to regulatory filing fees and consulting fees; professional fees of $31,744, representing costs incurred for general legal, accounting and audit services; interest expenses of $10,908; travel of $21,268; depreciation of $57,510; office and general of $55,362; and cost of services of $50,494 which was offset by drone income of $127,199.

(7) The Company's net income totaled $148,482 for the three months ended September 30, 2018, with basic and diluted income per share of $0.00. Activities for the three months ended September 30, 2018, principally involved share-based payments of $34,665; salaries and benefits of $131,658; business development of $61,616; shareholder relations of $13,549 pertaining to regulatory filing fees and consulting fees; professional fees of $23,615, representing costs incurred for general legal, accounting and audit services; interest expenses of $11,027; travel of $26,749; depreciation of $59,010; office and general of $44,464; and cost of services of $129,419 which was offset by drone income of $108,416; gain on long-term investment of $507,131; and interest income of $18,707.

(8) The Company's net loss totaled $582,802 for the three months ended December 31, 2018, with basic and diluted loss per share of $0.02. Activities for the three months ended December 31, 2018, principally involved share-based payments of $39,459; salaries and benefits of $299,788; business development of $104,990; shareholder relations of $7,056 pertaining to regulatory filing fees and consulting fees; professional fees of $30,682, representing costs incurred for general legal, accounting and audit services; travel of $21,031; depreciation of $59,811; office and general of $85,198; equipment maintenance of $41,568; and cost of services of $139,764 which was offset by data services revenues of $233,581; and interest income of $17,632.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Discussion of Operations

Year ended December 31, 2018, compared with year ended December 31, 2017

Deveron's net loss totaled $1,479,416 for year ended December 31, 2018, with basic and diluted loss per share of $0.04. This compares with a net loss of $1,585,750 with basic and diluted loss per share of $0.07 for the year ended December 31, 2017. The decrease of $106,334 in net loss was principally due to the following:

- Drone and agronomic services revenues increased by $291,604 for the year ended December 31, 2018, compared to the year ended December 31, 2017. The increase is attributable to the new business of the Company since the Acquisition during the year ended December 31, 2018.

- Cost of services increased by $210,694 for the year ended December 31, 2018, compared to the year ended December 31, 2017. The increase is attributable to direct costs (such as salaries and benefits, travel fees, software, drone maintenance, drone equipment, drone data collection, processing fees, training, office and general and consulting fees) incurred to generate drone income.

- Professional fees increased by $4,826 for the year ended December 31, 2018, compared to the year ended December 31, 2017. The increase is attributable to increased corporate activity requiring external professional support.

- Interest expense decreased by $9,708 for the year ended December 31, 2018, compared to the year ended December 31, 2017. The decrease is attributable to Greencastle loan repayment during the year ended December 31, 2018.

- Office and general increased by $76,890 for the year ended December 31, 2018, compared to the year ended December 31, 2017, consisted of costs such as advertising and promotion, supplies, internet, rent and bank service charges.

- Salaries and benefits increased by $339,074 for the year ended December 31, 2018, compared to the year ended December 31, 2017. The increase is attributable to the Company hiring a higher number of employees during the current year compared to the comparative period.

- Shareholder relations decreased by $27,153 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease is attributable to lower shareholder relation services required by the Company during the current year.

- Travel expenses increased by $21,746 for year ended December 31, 2018 compared to the year ended December 31, 2017. The increase is attributable to higher corporate activity requiring travel by management and employees.

- Depreciation increased by $72,120 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase is attributable to depreciation recorded on computer equipment, drones and vehicles acquired during the current and prior years.

- Business development increased by $91,434 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase is attributable to research done by the Company which required external business development support.

- Share-based payments decreased by $511,191 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease is due to the timing of expensing the estimated fair value of stock options granted in prior and current years. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.

- Gain on long-term investments increased by $147,131 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase is attributable to tendering of Boreal shares.

- Gain on debt settlement decreased by $240,000 for year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease is attributable to the amendment of the share exchange agreement to acquire the shares of 2487473 Ontario Inc., which was amended to remove the additional consideration to issue one common share for each $1 of gross revenue earned during the four fiscal years ending after the acquisition. This amendment was made because in Q1 2017, Greencastle agreed to provide an option to purchase one million shares of the Company at $0.30 to the Head - UAS Agriculture of the Company. In consideration of this new arrangement, the Company paid a consulting fee to Greencastle of $175,000 during the year ended December 31, 2017.

- Consulting fees decreased by $175,000 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The decrease is due to the consulting fee paid to Greencastle as explained above for the arrangement with 2487473 Ontario Inc.

- All other expenses related to general working capital expenditures.

<u>Three months ended December 31, 2018, compared with three month ended December 31, 2017</u>

Deveron's net loss totaled $582,802 for three months ended December 31, 2018, with basic and diluted loss per share of $0.02. This compares with a net loss of $1,127,278 with basic and diluted loss per share of $0.04 for the three months ended December 31, 2017. The decrease of $544,476 in net loss was principally due to the following:

- Drone and agronomic service income increased by $199,432 for the three months ended December 31, 2018, compared to the three months ended December 31, 2017. The increase is attributable to more business in the current year compared to the prior year.

- Cost of services increased by $132,295 for the three months ended December 31, 2018, compared to the three months ended December 31, 2017. The increase is attributable to direct costs (such as salaries and benefits, travel fees, software, drone maintenance, drone equipment, drone data collection, processing fees, training, office and general and consulting fees) incurred to generate drone income.

- Office and general increased by $74,044 for the three months ended December 31, 2018, compared to the three months ended December 31, 2017, and consisted of costs such as advertising and promotion, supplies, internet, rent and bank service charges.

- Depreciation increased by $6,583 for the three months ended December 31, 2018 compared to the three months ended December 31, 2017. The increase is attributable to depreciation recorded on computer equipment, drones and vehicles acquired during the current and prior years.

- Share-based payments decreased by $828,463 for the three months ended December 31, 2018 compared to the three months ended December 31, 2017. 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.

- Business development increased by $40,670 for the three months ended December 31, 2018 compared to the three months ended December 31, 2017. The increase is attributable to research done by the Company which required external business development support.

- Salaries and benefits increased by $232,294 for the three months ended December 31, 2018, compared to the three months ended December 31, 2017. The increase is attributable to the Company hiring a higher number of employees during the current year compared to the comparative period.

- Interest income increased by $17,632 for the three months ended December 31, 2018 compared to the three months ended December 31, 2017. The increase is attributable to interest income received on the balance received for the tendering of Boreal shares.

- All other expenses related to general working capital expenditures.

Deveron's total assets at December 31, 2018 were $4,901,616 (December 31, 2017 - $2,306,521) against total liabilities of $415,448 (December 31, 2017 - $671,780). The increase in total assets of $2,595,095 resulted from cash received from the completion of private placements in the amount of $3,269,659, proceeds from the sale of long-term investment (Boreal) of $507,132 and cash acquired from the Acquisition of Veritas of $41,177 which was offset by cash payment of $320,000 to acquire Veritas, acquisition of property, plant and equipment of $48,453, share issue costs of $178,761, repayment to related party of $500,000 and cash spent on operating costs. The Company does have sufficient current assets to pay its existing liabilities of $415,448 at December 31, 2018.

Cash Flow

At December 31, 2018, the Company had cash and cash equivalents of $2,923,191. The increase in cash of $1,775,322 from the December 31, 2017 cash balance of $1,147,869 was a result of cash outflow in operating activities of $1,045,432, cash inflow from investing activities of $138,679, cash inflow from financing activities of $2,632,075 and cash inflow from discontinued operations of $50,000. Operating activities were affected by depreciation of $231,034, share-based payments of $356,731, gain on long-term investments of $507,131, net income from discontinued operations of $50,000 and net change in non-cash working capital balances of $402,324 because of a decrease in amounts receivable and other assets of $370,057, an increase in amounts payable and other liabilities of $69,230, a decrease in deferred revenue of $35,516 and lease payments of $1,447. Investing activities were affected by the acquisition of property, plant and equipment of $48,453 and cash payment for the Acquisition of Veritas of $320,000 which was offset by the proceeds received from the sale of Boreal shares of $507,132. Financing activities were affected by proceeds from the private placements of $3,269,659 and cash acquired from the Acquisition of Veritas of $41,177 which was offset by share issue costs of $178,761 and repayment to related party of $500,000.

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. The Company completed a first and second tranche of a private placement for total cash proceeds of $3,269,659 during the year ended December 31, 2018. 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 December 31, 2018, the Company had a working capital of $2,967,052 (December 31, 2017 – working capital of $778,695). The Company's continuing operations are dependent on its ability to secure equity and/or debt financing.

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 acquisition 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 UAS data network	$300,000	$nil	12 months
Growth of data analytics offering	$300,000	$nil	12 months
Ongoing Marketing Campaign	$150,000	$nil	12 months
Data Infrastructure Investment	$50,000	$nil	12 months
Product Feasibility Testing with Partners	$200,000	$nil	12 months
Total	**$1,000,000**	**$nil**	

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 December 31, 2019.

Discontinued Operations

As a result of the Acquisition on July 14, 2016, the business of the Company was changed from mineral exploration to the drone data service sector. Therefore, all operations related to mineral exploration were transferred to discontinued operations.

There were no assets or liabilities for discontinued operations as at December 31, 2018 and 2017.

Discontinued operations for the years presented include:

Statement of Comprehensive Loss	Year Ended December 31, 2018 ($)	Year Ended December 31, 2017 ($)
Property option revenue	50,000	50,000
Total discontinued operations	**50,000**	**50,000**

(i) On August 1, 2016, the Company entered into an agreement with Parlane Resource Corp. ("Parlane") for the sale of undivided 100% right, title and interest in the Nechako Property. Under the terms of the agreement, Parlane shall, upon signing of this agreement, pay $50,000 to Deveron (received), and Deveron shall, within 3 days thereafter, transfer title to the Nechako Property, to Parlane.

- On the first anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall pay to Deveron an additional $50,000 (received in August 2017); and
- On the second anniversary of this agreement, should Parlane continue to hold any part of the Nechako Property by keeping it in good standing, it shall make a further and last payment of $50,000 (received in August 2018) to Deveron.

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

Change in Accounting Policies

(i) IFRS 9 - Financial Instruments ("IFRS 9") replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The Company has assessed this new standard and there has been no impact to the consolidated financial statements from this adoption.

Financial assets within the scope of IFRS 9 are classified in the following measurement categories: amortized cost, FVTPL, or fair value through other comprehensive income ("FVTOCI"). Financial liabilities are classified in the following measurement categories: FVTPL, or amortized cost.

The following table summarizes the changes in the classification of the Company's financial instruments upon adoption of IFRS 9. The adoption of the new classification did not result in any changes in the measurement or carrying amount of the consolidated financial instruments.

Financial instruments	Category under IAS 39	Category under IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Amounts receivable	Loans and receivables	Amortized cost
Long-term investments	Available-for-sale	FVTPL
Accounts payable and other liabilities	Other financial liabilities	Amortized cost
Due to related party	Other financial liabilities	Amortized cost

The accounting for these instruments and the line item in which they are included in the consolidated statements of financial position are unaffected by the adoption of IFRS 9, and no measurement adjustments are required to the Company's financial assets and liabilities. The adoption of IFRS 9 does not have a material impact on impairment of the Company's financial assets.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

As a result of the adoption of IFRS 9, the accounting policy for financial instruments has been updated as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and long-term investments are classified as financial assets measured at FVTPL.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivable are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVTOCI

Financial assets are recorded at FVTOCI when the change in fair value is attributable to changes in the Company's credit risk.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's amounts payable and other liabilities and due to related party do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

For amounts receivable, the Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Amounts receivable are written off when there is no reasonable expectation of recovery.

(ii) The Company has early adopted IFRS 16 – Leases, which is effective for annual reporting periods beginning on or after January 1, 2018. Previously, the Company classified leases as operating or finance leases based on IAS 17 - Leases.

The Company has applied IFRS 16 in accordance with the modified retrospective approach only to contracts that were previously identified as leases. Contracts that were not identified as leases under previous standards were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2018. The Company has determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard. The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the

Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

There was no impact on the consolidated statement of financial position at January 1, 2018 as the Company did not have any operating lease at that time. However, the Company entered into operating leases in December 2018 which are accounted for as leases giving rise to right-of-use assets. Refer to notes 10 and 13 of the audited consolidated financial statements of the Company.

Recent Accounting Pronouncements

On June 7, 2017, the IASB issued IFRS Interpretations Committee 23 - Uncertainty Over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company does not expect the Interpretation to have a material impact on the consolidated financial statements.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Share Capital

As at the date of this MD&A, the Company had a total of 37,881,086 common shares issued and outstanding. An additional 17,786,698 common shares are subject to issuance pursuant to the following: 7,035,000 stock options and 10,751,698 outstanding warrants. Each stock option will be exercisable to acquire one common share at a prices that range from $0.25 to $0.37 per common share with expiry dates ranging from April 19, 2019 to March 24, 2024. Each warrant will be exercisable to acquire one common share at prices that range from $0.35 to $0.50 per common share with expiry dates ranging from February 23, 2020 to September 14, 2020.

Capital Management

The Company includes equity, comprising issued share capital, shares to be issued, reserves and deficit, in the definition of capital, which as at December 31, 2018, totaled an equity of $4,486,168 (December 31, 2017 – $1,634,741).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development costs and devote resources to identifying and commercializing new services. To secure the additional capital necessary to continue with its operating and research and development activities, the Company may attempt to raise additional funds through the issuance of debt or equity.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's objective, process, policies and approach to capital management during the year ended December 31, 2018 and 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

Financial Instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada and amounts receivable from drone income. Sales tax receivable are in good standing as of December 31, 2018. Management believes that the credit risk with respect to these amounts receivable is minimal. As at December 31, 2018, the provision for amounts receivable is $12,806 (December 31, 2017 - $nil).

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2018, the Company had cash of $2,923,191 (December 31, 2017 - $1,147,869) to settle current liabilities of $392,824 (December 31, 2017 - $671,780). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms except for the amount due to related party which bears interest at prime plus two percent and is due on demand. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through the equity market. Negative trend in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing or shareholder loans from Greencastle, if and when required, will be available or on terms acceptable to the Company.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity price.

Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. As at December 31, 2018, the Company did not have any surplus cash in high yield savings accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. The Company is not exposed to interest rate risk.

Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar. Certain of the Company's revenues and expenses are incurred in USD and are therefore subject to gains and losses due to fluctuations against the functional currency.

Price risk

The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and amounts receivable and amounts payable and other liabilities that are denominated in USD. As at December 31, 2018, had the USD weakened/strengthened by 10% against the CAD with all other variables held constant, the Company's consolidated statements of comprehensive loss for the year ended December 31, 2018 would have been approximately $1,300 higher/lower as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments. Similarly, as at December 31, 2018, shareholders' equity would have been approximately $1,300 higher/lower had the USD weakened/strengthened by 10% against the CAD as a result of foreign exchange losses/gains on translation of non-CAD denominated financial instruments.

Risk Factors

Deveron operates in evolving markets, which makes it difficult to evaluate its business and future prospects.

Deveron's UASs are involved in new and rapidly evolving markets. The commercial UAS market is in early stages of customer adoption. Accordingly, Deveron's business and future prospects may be difficult to evaluate. Deveron cannot accurately predict the extent to which demand for its services will increase, if at all. The challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets could impact Deveron's ability to do the following:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share;
- achieve or manage growth in its operations;
- develop and renew contracts;
- attract and retain other highly-qualified personnel;
- successfully develop and commercially market new services;
- adapt to new or changing policies; and
- access additional capital when required and on reasonable terms.

If Deveron fails to address these and other challenges, risks and uncertainties successfully, its business, results of operations and financial condition would be materially harmed.

If critical components or raw materials used to manufacture Deveron's equipment become scarce or unavailable, then Deveron may incur delays in the delivery of its services, which could damage its business.

Deveron obtains hardware components, various subsystems and systems from a limited group of suppliers. Deveron does not have long-term agreements with any of these suppliers that obligate it to continue to sell components, subsystems, systems or products to Deveron. Deveron's reliance on these suppliers involves significant risks and uncertainties, including whether its suppliers will provide an adequate supply of required components, subsystems, or systems of sufficient quality, will increase prices for the components, subsystems or systems and will perform their obligations on a timely basis.

In addition, certain raw materials and components used in the manufacture of the products used by Deveron are periodically subject to supply shortages, and its business is subject to the risk of price increases and periodic delays in delivery. Similarly, the market for electronic components is subject to cyclical reductions in supply. If Deveron is unable to obtain components from third-party suppliers in the quantities and of the quality that it requires, on a timely basis and at acceptable prices, then it may not be able to deliver its products on a timely or cost-effective basis to its customers, which could cause customers to terminate their contracts with Deveron, increase Deveron's costs and seriously harm its business, results of operations and financial condition. Moreover, if any of Deveron's suppliers become financially unstable, then it may have to find new suppliers. It may take several months to locate alternative suppliers, if required, or to redesign Deveron's products to accommodate components from different suppliers. Deveron cannot predict if it will be able to obtain replacement components within the time frames that it requires at an affordable cost, if at all.

Failure to obtain necessary regulatory approvals from Transport Canada or other governmental agencies, or limitations put on the use of UASs in response to public privacy concerns, may prevent Deveron from expanding the sales of Deveron's services.

The regulation of small UAS for commercial use in Canada is undergoing substantial change and the ultimate treatment is uncertain. Currently, the operation of UASs with a maximum take-off weight not exceeding 2kg., operated within visual line-of-sight are exempt from the regulations promulgated under the Aeronautics Act (Canada). The Company has been granted a SFOC for a one-year period from Transport Canada which permits the Company to operate UASs over this weight limit and carry out its UAS services.

Transport Canada is responsible for establishing, managing, and developing safety and security standards and regulations for civil aviation in Canada, including unmanned civil aviation. Civil operations include law enforcement, scientific research, or use by private sector companies for commercial purposes.

UAS operations for civil or commercial purposes are only authorized to fly with a SFOC issued by Transport Canada. The Canadian Aviation Regulations (CARs) govern civil aviation safety and security in Canada, and by extension govern operation of UASs in Canada to an equivalent level of safety as manned aircraft.

Transport Canada has acknowledged that the current regulatory regime in Canada has not kept pace with the rapid development in technology and the growing demand for commercial UAS use. In 2010, the Canadian Aviation Regulation Advisory Council established the Unmanned Aircraft System Program Design Working Group to develop new regulations to increase the safety, scope and regulatory efficiency of commercial UAS applications in Canada. In 2012, the working group released its phase 1 report which outlines the overall proposed revisions to the Canadian regulatory regime. The working group drafted and published the proposed changes for the revised regulation (phase 1) and is currently reviewing all comments received as part of the consultation process. The working group expect to publish the final regulations (phase 2) before 2017. The new regulations are intended to be consistent with the international UAS regulatory model established by the International Commercial Aviation Organization. In addition, there exists public concern regarding the privacy implications of Canadian commercial and law enforcement use of small UAS. This concern has included calls to develop explicit written policies and procedures establishing usage limitations.

There is no assurance that the response from regulatory agencies, customers and privacy advocates to these concerns will not delay or restrict the adoption of small UAS by operators.

The markets in which Deveron competes are characterized by rapid technological change, which requires it to test new products and product enhancements and could render its existing equipment obsolete.

Continuing technological changes in the market for Deveron's services could make its services less competitive or obsolete, either generally or for particular applications. Deveron's future success will depend upon its ability to develop and introduce a variety of new capabilities and enhancements to its existing service offerings, as well as introduce a variety of new service offerings, to address the changing needs of the markets in which it offers services.

If Deveron is unable to devote adequate resources to evaluate new systems or cannot otherwise successfully test new systems or enhancements that meet customer requirements on a timely basis, its services could lose market share, its revenue and profits could decline, and Deveron could experience operating losses.

Deveron expects to incur research and development costs and devote resources to identifying and commercializing new services, which could significantly reduce its profitability and may never result in revenue to Deveron.

Deveron's future growth depends on penetrating new markets, adapting existing services to new applications, and introducing new services that achieve market acceptance. Deveron plans to incur research and development costs as part of its efforts to develop and commercialize new services and enhance existing products. Deveron believes that there are significant investment opportunities in a number of business areas. Because Deveron accounts for research and development as an operating expense, these expenditures will adversely affect its earnings in the future. Further, Deveron's research and development programs may not produce successful results, and its new services may not achieve market acceptance, create additional revenue or become profitable, which could materially harm its business, prospects, financial results and liquidity.

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 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 consolidated financial statements; and (ii) the 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 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.

Additional Information

Additional information concerning the Company is available on Sedar at **www.sedar.com**.

Events After The Reporting Period

(i) On January 3, 2019, the Company and agriculture retailer South West Agromart ("South West"), a member of the Agromart Company of Canada, jointly announced a collaborative initiative between South West and Veritas. This joint initiative is a fresh approach to introducing value-added data solutions to farmers in south western Ontario, including precision farming applications.

(ii) On January 23, 2019, the Company announced the launch of new product offerings for crop researchers and breeders. These tools enable the rapid collection of measurements across research trials for more efficient and insightful monitoring.

(iii) On January 29, 2019, the Company announced that it entered into a service agreement with A & L Canada Laboratories Inc. ("A & L") in which A & L will engage Deveron to administer, manage and execute A & L's soil sampling collection business. The initial term of the agreement is for 5 years and has an anticipated value of $3.8M over the term of the agreement.

(iv) On March 11, 2019, the Company announced that it was awarded an AI for Earth grant from Microsoft to help further the Company's efforts in AI and making recommendations and predictions using agricultural data.

(v) On March 25, 2019, the Company granted 2,575,000 stock options to certain officers, employees and advisors to the Company. The stock options, at a price of $0.30 per share, will expire in three and five years from the issue date.

Additional Disclosure for Entities without Significant Revenue

Operating expenses	Year Ended December 31, 2018 ($)	Year Ended December 31, 2017 ($)
Salaries and benefits	668,822	329,748
Share-based payments	356,731	867,922
Business development	261,277	169,843
Depreciation	231,034	158,914
Shareholder relations	214,380	241,533
Office and general	214,386	137,496
Professional fees	103,880	99,054
Travel	87,670	65,924
Equipment maintenance	41,568	6,560
Interest expense	37,332	47,040
Consulting fees	nil	175,000
Gain on debt settlement	nil	(240,000)
Interest income	(36,339)	nil
Gain on long-term investments	(507,131)	(360,000)
Total	**1,673,610**	**1,699,034**