
DEVERON RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED
MARCH 31, 2016
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

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

DEVERON RESOURCES LTD.

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

	As at March 31, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash	\$ 79,907	\$ 36,486
Amounts receivable and other assets (note 3)	6,944	4,180
Total current assets	86,851	40,666
Non-current assets		
Long-term investments	1	1
Total assets	\$ 86,852	\$ 40,667
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Amounts payable and other liabilities (notes 4 and 11)	\$ 40,626	\$ 24,861
Promissory note (note 5)	80,219	-
Due to related party (note 11)	669,382	662,351
Total liabilities	790,227	687,212
Shareholders' deficit		
Share capital (note 6)	640,421	640,421
Reserves (notes 7 and 8)	898,486	898,486
Deficit	(2,242,282)	(2,185,452)
Total shareholders' deficit	(703,375)	(646,545)
Total liabilities and shareholders' deficit	\$ 86,852	\$ 40,667

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

Nature of operations and going concern (note 1)
Events after the reporting period (note 15)

DEVERON RESOURCES LTD.

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

	Three Months Ended	
	March 31,	
	2016	2015
Operating expenses		
Professional fees (note 11)	\$ 27,204	\$ 14,898
Share-based payments (note 7(i))	-	7,138
Shareholder relations	17,571	14,731
Exploration and evaluation expenditures (note 10)	-	34,370
Office and general	1,972	1,201
Interest expense (notes 5 and 11)	7,250	7,176
Travel	2,833	-
Total comprehensive loss for the period	\$ (56,830)	\$ (79,514)
Basic and diluted net loss per common share (note 9)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 9)	11,794,505	11,794,505

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

DEVERON RESOURCES LTD.**Condensed Interim Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)**

**Three Months Ended
March 31,
2016 2015**

Operating activitiesNet loss for the period \$ (56,830) \$ (79,514)

Adjustments for:

 Share-based payments (note 7(i)) - 7,138 Interest expense (notes 5 and 11) 7,250 7,176

Changes in non-cash working capital items:

 Amounts receivable and other assets (2,764) (3,251) Amounts payable and other liabilities 15,765 (14,535)

Net cash used in operating activities **(36,579)** **(82,986)**

Financing activityPromissory note (note 5) 80,000 -

Net cash provided by financing activity **80,000** **-**

Net change in cash **43,421** **(82,986)****Cash, beginning of period** **36,486** **177,778**

Cash, end of period **\$ 79,907** **\$ 94,792**

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

DEVERON RESOURCES LTD.**Condensed Interim Statements of Changes in Shareholders' Deficit****(Expressed in Canadian Dollars)****(Unaudited)**

	Share capital	Reserves		Deficit	Total
		Warrants	Share-based payments		
Balance, December 31, 2014	\$ 640,421	\$ 653,048	\$ 238,300	\$ (1,392,129)	\$ 139,640
Share-based payments (note 7(i))	-	-	7,138	-	7,138
Net loss for the period	-	-	-	(79,514)	(79,514)
Balance, March 31, 2015	\$ 640,421	\$ 653,048	\$ 245,438	\$ (1,471,643)	\$ 67,264
Balance, December 31, 2015	\$ 640,421	\$ 653,048	\$ 245,438	\$ (2,185,452)	\$ (646,545)
Net loss for the period	-	-	-	(56,830)	(56,830)
Balance, March 31, 2016	\$ 640,421	\$ 653,048	\$ 245,438	\$ (2,242,282)	\$ (703,375)

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

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements

Three Months Ended March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Deveron Resources Ltd. ("Deveron" or the "Company") was incorporated under the laws of the Province of Ontario on March 28, 2011. At present, Deveron is involved in the exploration and development of mineral exploration assets in Canada and it will terminate these activities if the transaction of acquiring 2487473 Ontario Inc. (operating as Eagle Scout Imaging) ("248" or "Eagle Scout") is successfully completed. The transaction may constitute a "Change of Business" under the policies of the TSX Venture Exchange ("TSXV") and is subject to TSXV approval. The Company plans to apply to delist its common shares from the TSXV and apply for listing on the Canadian Securities Exchange ("CSE"). Delisting is subject to TSXV approval and listing on the CSE is subject to CSE approval. The Company is in the process of preparing to submit the requisite documents to the CSE. There is no assurance the CSE will provide conditional or final approval of the Company's application to list its common shares on the CSE. On November 27, 2012, Deveron's common shares started trading on the TSXV under the symbol "DVR". The primary office is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5.

As at March 31, 2016, 65.8% of the Company's issued and outstanding shares are owned by Greencastle Resources Ltd. ("Greencastle"). This gives Greencastle the control over the Company. As such, Deveron is a subsidiary of Greencastle. Further details of Greencastle's share holding interest is disclosed in note 11.

On March 24, 2016, Deveron announced that it had been granted its Special Flight Operations Certificate ("SFOC") from Transport Canada. The SFOC permits Deveron to operate small unmanned aerial systems ("UAS", "UAV" or, more commonly, "drones") for the purpose of surveying agricultural land in rural areas. Deveron will be operating under a standing SFOC which allows Deveron to operate on an annual basis rather than a per flight basis. To use a UAV for work or research in Canada, companies are legally required to hold an SFOC.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. 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. The ability of the Company to fund its potential operations and commitments is dependent upon the ability of the Company to obtain additional financing.

2. Significant accounting policies

(a) *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim 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 financial statements are based on IFRS issued and outstanding as of May 12, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim financial statements.

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

(b) Change in accounting policies

(i) IFRS 11 - Joint Arrangements was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no impact on the unaudited condensed interim financial statements as a result of this adoption.

(ii) IAS 1 – Presentation of Financial Statements was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. There was no material impact on the unaudited condensed interim financial statements as a result of this adoption.

(c) 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 a single impairment method to be used, replacing the multiple impairment methods 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 credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

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 IFRIC 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. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015. The Company is still in the process of assessing the impact of this pronouncement.

3. Amounts receivable and other assets

	As at March 31, 2016	As at December 31, 2015
Sales tax receivable - (Canada) (i)	\$ 5,222	\$ 2,758
Prepays	1,722	1,422
	\$ 6,944	\$ 4,180

(i) Sales tax receivable is not past due.

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

4. Amounts payable and other liabilities

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

	As at March 31, 2016	As at December 31, 2015
Amounts payable	\$ 16,420	\$ 6,540
Accrued liabilities	24,206	18,321
Total amounts payable and other liabilities	\$ 40,626	\$ 24,861

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

	As at March 31, 2016	As at December 31, 2015
Less than 1 month	\$ 40,626	\$ 24,861

5. Promissory note

Effective March 4, 2016, the Company entered into a promissory note with 248 in the amount of \$80,000. The promissory note incurs an interest rate of prime plus 1% per annum, unsecured and is due on demand.

Movement in the promissory note was as follows:

Balance, December 31, 2015	\$ -
Principal amount	80,000
Accrued interest	219
Balance, March 31, 2016	\$ 80,219

6. Share capital**a) Authorized share capital**

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

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2014 and March 31, 2015	11,794,505	\$ 640,421
Balance, December 31, 2015 and March 31, 2016	11,794,505	\$ 640,421

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

7. Stock options

The following table reflects the continuity of options for the periods ended March 31, 2016 and 2015:

	Number of options	Weighted average exercise price (\$)
Balance, December 31, 2014	1,050,000	0.25
Granted (i)	125,000	0.25
Balance, March 31, 2015	1,175,000	0.25
Balance, December 31, 2015 and March 31, 2016	1,175,000	0.25

(i) On January 12, 2015, the Company granted 125,000 stock options to a director with each option exercisable into one common share of the Company at an exercise price of \$0.25 per share until November 29, 2017. A fair value of \$7,138 was determined using the Black-Scholes option pricing model. The following weighted average assumptions were used: share price - \$0.10; dividend yield - 0%; expected volatility (based on historical price data of the Company's common share) - 125.13%; risk-free interest rate - 0.93%; and an expected life - 2.88 years. The options vested immediately. During the three months ended March 31, 2016, \$nil (three months ended March 31, 2015 - \$7,138) was expensed to share-based payments.

Details of the stock options outstanding as at March 31, 2016 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
10,300	0.01	50,000	50,000	0.25	April 3, 2016
235,138	1.67	1,125,000	1,125,000	0.25	November 29, 2017
245,438	1.60	1,175,000	1,175,000	0.25	

8. Warrants

The following table reflects the continuity of warrants for the periods ended March 31, 2016 and 2015:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2014 and March 31, 2015	7,256,090	0.30
Balance, December 31, 2015 and March 31, 2016	7,256,090	0.30

The following table reflects the warrants issued and outstanding as of March 31, 2016:

Number of warrants outstanding	Fair value (\$)	Exercise price (\$)	Expiry date
7,256,090	653,048	0.30	July 31, 2016

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements
Three Months Ended March 31, 2016
(Expressed in Canadian Dollars)
(Unaudited)

9. Net loss per common share

The calculation of basic and diluted loss per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of \$56,830 (three months ended March 31, 2015 - \$79,514) and the weighted average number of common shares outstanding of 11,794,505 (three months ended March 31, 2015 - 11,794,505). Diluted loss per share for the periods presented did not include the effect of 7,256,090 warrants (three months ended March 31, 2015 - 7,256,090 warrants) and 1,175,000 stock options (three months ended March 31, 2015 - 1,175,000 stock options) as they are anti-dilutive.

10. Exploration and evaluation expenditures

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Three Months Ended March 31,	
	2016	2015
Rockstone Property (i)		
Acquisition costs	\$ -	\$ 30,000
Claim staking, maintenance fees	-	4,370
Total exploration and evaluation expenditures	\$ -	\$ 34,370

(i) On January 21, 2015, the letter agreement between the Company and Greencastle was amended to include 10 additional claims for a total of 21 claims in the Rockstone Property.

11. Major shareholder and related party transactions

Major shareholder

The Company is controlled by Greencastle. At March 31, 2016, Greencastle owned and/or exercised control over 7,756,005 common shares (December 31, 2015 - 7,756,005 common shares) of Deveron, representing approximately 65.8% (December 31, 2015 - 65.8%) of the issued and outstanding common shares of the Company. The Chief Executive Officer of Deveron is the president, secretary and director of Greencastle and both companies have the same Chief Financial Officer ("CFO"). The remaining 34.2% (December 31, 2015 - 34.2%) 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 65.8% (December 31, 2015 - 65.8%) of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

Related party transactions

During the three months ended March 31, 2016, the Company incurred professional fees of \$7,523 (three months ended March 31, 2015 - \$6,750) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the CFO 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 March 31, 2016, Marrelli Support is owed \$2,896 (December 31, 2015 - \$8,650) and this amount is included in amounts payable and other liabilities.

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements

Three Months Ended March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

11. Major shareholder and related party transactions (continued)

Related party transactions (continued)

During the three months ended March 31, 2016, the Company incurred professional fees of \$3,446 (three months ended March 31, 2015 - \$2,552) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at March 31, 2016, DSA is owed \$1,211 (December 31, 2015 - \$1,999) and this amount is included in amounts payable and other liabilities.

During the three months ended March 31, 2016, the Company also incurred legal fees of \$15,000 (three months ended March 31, 2015 - \$3,722) 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 March 31, 2016 amounts payable and other liabilities is \$21,321 due to Irwin Lowy LLP (December 31, 2014 - \$6,321).

On January 21, 2015, the Company amended the letter agreement with its parent company, Greencastle, as described in note 10(i).

Greencastle loaned Deveron \$400,000 on May 22, 2013 and \$200,000 on October 29, 2014, which bears interest at prime plus two percent and is due on demand. As security for the loan, Deveron granted Greencastle a security interest over all assets of the Company. The carrying value of all the assets are \$86,852, being the value of the investments in Boreal, cash and amounts receivable and other assets. The Company's interest in the Nechako Property and its option to earn 100% interest in the Rockstone Property is carried at \$nil until such time as the project has been established as commercially viable and technically feasible. Included in due to related party as at March 31, 2016 is \$669,382 due to Greencastle (December 31, 2015 - \$662,351). For the three months ended March 31, 2016, interest of \$7,031 (three months ended March 31, 2015 - \$7,176) has been accrued and is included in interest expense in the unaudited condensed interim statements of comprehensive loss.

12. Segmented information

As at March 31, 2016, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Canada. As the operations comprise a single reporting segment, amounts disclosed in the unaudited condensed interim financial statements for expenses, and loss for the periods also represent segmented amounts.

All of the Company's operations, assets and liabilities are in Canada.

13. Share Exchange Agreement

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 UAV along with hardware, camera, sensor and software technologies to collect crop data and provide solutions to farmers.

Pursuant to the SEA, Deveron will acquire all of the issued and outstanding common shares of 248 by the issuance to the shareholders of 248 of: (i) 1,700,001 common shares in the capital of Deveron (the "Common Shares") at a deemed price of \$0.20 per Common Share; and (ii) 850,000 Common Share purchase warrants (the "Payment Warrants") at a deemed price of \$0.001 per Payment Warrant. Each warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") at an exercise price of \$0.40 per Warrant Share at any time on or before 5:00 p.m. (Toronto time) on the date that is 24 months following the closing date of the transaction. As additional consideration, Deveron is required to issue one (1) Common Share as fully paid and non-assessable, at a deemed price of \$0.20 per Common Share, for each \$1.00 of gross revenue earned during each of the four fiscal years ending after the closing date of the transaction, to a maximum of 1,000,000 Common Shares in the aggregate. In due course, the Company will issue further information when available.

DEVERON RESOURCES LTD.

Notes to Condensed Interim Financial Statements

Three Months Ended March 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

13. Share Exchange Agreement (continued)

At present, Deveron is involved in the exploration and development of mineral exploration assets in Canada and it will terminate these activities if the transaction of acquiring 248 is successfully completed. The transaction may constitute a "Change of Business" under the policies of the TSXV and is subject to TSXV approval. The Company plans to apply to delist its common shares from the TSXV and apply for listing on the CSE. Delisting is subject to TSXV approval and listing on the CSE is subject to CSE approval. The Company is in the process of preparing to submit the requisite documents to the CSE. There is no assurance the CSE will provide conditional or final approval of the Company's application to list its common shares on the CSE.

14. Proposed private placement

On March 24, 2016, Deveron announced it intends to complete a non-brokered private placement financing of up to 4,000,000 units (each, a "Unit") at a price of \$0.20 per Unit for gross proceeds of up to \$800,000 (the "Offering").

Each Unit shall be comprised of one common share and one-half of a common Share purchase warrant (each whole warrant a "Warrant"). Each Warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$0.30 per common share for a period of twenty-four (24) months from the date of issuance.

The securities issued pursuant to the Offering will be subject to a four month and one day statutory hold period. The Offering is also subject to the receipt of all necessary approvals, including the approval of the TSXV. Certain eligible persons may receive finder fees in connection with the Offering in the way of cash commission and/or compensation warrants. The Company will use the net proceeds from the Offering for general working capital purposes

15. Events after the reporting period

(i) On April 3, 2016, 50,000 stock options with an exercise price of \$0.25 expired unexercised.

(ii) On April 13, 2016, Deveron announced that it had commenced commercial UAS flying for the 2016 agricultural season in Ontario. Deveron has also hired additional licensed pilots to operate its fleet of drones.