



DEVERON UAS CORP.

“INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS”

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)

## **Introduction**

The following interim Management Discussion & Analysis (“Interim MD&A”) of Deveron UAS Corp. (“Deveron” or the “Company”) for the three and six months ended June 30, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis (“Annual MD&A”) for the fiscal year ended December 31, 2018. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2018, and December 31, 2017, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 26, 2019, unless otherwise indicated.

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

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

## **Cautionary Note Regarding Forward-Looking Statements**

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

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<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
Development of Deveron’s new business in the data acquisition and data analytics sector will be positive	Financing will be available for the deployment of data acquisition and data analytics sector	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
<p>The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2020</p> <p>The Company expects to incur further losses in the development of its business</p> <p>Should the Company not raise sufficient capital or have adequate profits (defined as revenues less expenses), it may cease to be a reporting issuer</p>	The operating activities of the Company for the twelve-month period ending June 30, 2020, 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 Interim MD&A, Deveron will require approximately \$1,000,000 (\$520,000 spent) to be used to achieve its objectives and milestones	Actual costs of the various line items of the budget are consistent with the costs that management anticipates	Costs could vary from management’s expectations

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

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

## **Description of Business**

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

At present, Deveron is a leading agriculture technology company focused on providing data acquisition services and data analytics to the farming sector in North America. Through its on-demand network of drone pilots and soil sampling technicians, the company is providing scalable data acquisition solutions in the imagery and soil space. Additionally, through its wholly owned subsidiary Veritas Farm Management, the company provides growers in North America with independent 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 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.

On March 31, 2019, 500,000 stock options with an exercise price of \$0.37 were cancelled.

On July 1, 2019, the Company granted 660,000 options to employees and advisors of the Company. The options, at prices ranging from \$0.30 - \$0.375 per share, vest immediately and will expire on March 18, 2020 and July 1, 2022.

On July 14, 2019, 400,000 options with an exercise price of \$0.25 expired unexercised.

### **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 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.

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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.

On May 7, 2019, the Company announced that it entered into a partnership and distribution agreement with AIRINOV to provide North American growers with a solution for managing in-season crop nutrient applications. The offering will use high-resolution in-season imagery collected by UAV to drive nitrogen placement decisions in crops such as wheat, barley, oats and canola. AIRINOV, based in France, is a pioneer in drone-based digital agriculture solutions and has demonstrated the success of its algorithms to drive increased profits ranging from \$42 to \$61 per acre across multiple crops.

On May 16, 2019, the Company announced that it partnered with World Class Extractions to provide its network of hemp growers and affiliates with best in class data insights through a custom data program in the United States and Canada.

On June 11, 2019, the Company announced the engagement of several global leaders in agricultural research to service high-value research plots on the Canadian Prairies and US Midwest for the 2019 agricultural season. The work will use imagery collected by UAV to enable new efficiencies in high-throughput phenotyping and crop protection research for the advancement of various crop technologies. The projects will cover a wide range of growing environments, including Missouri, North Dakota, Ohio, and Saskatchewan. The development of these pilot projects will be evaluated for future years after data from this season has been analyzed.

On August 13, 2019, the Company announced it has entered into an agreement to acquire Kansas City, Missouri based digital agriculture provider Atlas Team (“Atlas”). The purchase price for the acquisition of Atlas comprises 250,000 shares of the Company, issued to the shareholders of Atlas, at a deemed price of \$0.30. Under the terms of the agreement, the shares will be released from escrow in 3 tranches on an annual basis, commencing on the first anniversary of the closing date. 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.

## **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 June 30, 2019, Greencastle owned and/or exercised control over 8,649,505 common shares (December 31, 2018 - 8,524,505 common shares) of Deveron, representing approximately 22.8% (December 31, 2018 - 22.5%) of the issued and outstanding common shares of the Company. The remaining 77.2% (December 31, 2018 - 77.5%) of the shares are widely held, which includes various small holdings which are owned by directors of Deveron. These holdings can change at any time at the discretion of the owner.

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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 22.8% (December 31, 2018 - 22.5%) of the issued and outstanding shares of the Company, the Company is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

**Related party transactions**

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$9,913 and \$18,238, respectively (three and six months ended June 30, 2018 - \$7,445 and \$15,030, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Mr. Marrelli is the Chief Financial Officer of Deveron. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, Marrelli Support is owed \$2,870 (December 31, 2018 - \$8,970) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$1,308 and \$4,355, respectively (three and six months ended June 30, 2018 - \$3,555 and \$6,972, respectively) to DSA Corporate Services Inc. ("DSA"), an organization of which Mr. Marrelli controls. Mr. Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, DSA is owed \$756 (December 31, 2018 - \$824) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$2,225 (three and six months ended June 30, 2018 - \$nil) to DSA Filing Services Limited ("Filing"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for reporting issuer filing services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, Filing is owed \$316 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company incurred professional fees of \$992 (three and six months ended June 30, 2018 - \$nil) to Marrelli Press Release Services Limited ("Press Release"), an organization of which Mr. Marrelli controls. These services were incurred in the normal course of operations for press release services. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2019, Press Release is owed \$325 (December 31, 2018 - \$nil) and this amount is included in amounts payable and other liabilities.

During the three and six months ended June 30, 2019, the Company also incurred legal fees of \$4,163 and \$18,902, respectively (three and six months ended June 30, 2018 - \$15,292 and \$32,500, respectively) to Irwin Lowy LLP for legal services. Chris Irwin is the controlling party of Irwin Lowy LLP and a director of Deveron. Included in the June 30, 2019 amounts payable and other liabilities is \$nil due to Irwin Lowy LLP (December 31, 2018 - \$3,502).

During the three and six months ended June 30, 2019, salaries and benefits of \$45,000 and \$110,000, respectively (three and six months ended June 30, 2018 - \$45,000 and \$72,500, respectively) were paid to the Chief Executive Officer ("CEO") and director of the Company. Included in the June 30, 2019

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amounts payable and other liabilities is \$nil due to the CEO and director of the Company (December 31, 2018 - \$12,811).

During the three and six months ended June 30, 2019, salaries and benefits of \$9,375 and \$28,750, respectively (three and six months ended June 30, 2018 - \$9,375 and \$18,750, respectively) were paid to a director of its parent company, Greencastle.

During the three and six months ended June 30, 2019, salaries and benefits of \$16,875 and \$22,500, respectively (three and six months ended June 30, 2018 - \$5,625 and \$11,250, respectively) were paid to directors of the Company.

During the three and six months ended June 30, 2019, interest of \$nil (three and six months ended June 30, 2018 - \$10,908 and \$21,637, respectively) was paid to Greencastle and included in interest expense in the unaudited condensed interim consolidated statements of comprehensive loss.

During the three and six months ended June 30, 2019, the Company incurred rent expense of \$7,500 and \$15,000, respectively (three and six months ended June 30, 2018 - \$7,500 and \$15,000, respectively) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

During the three and six months ended June 30, 2019, the Company incurred corporate advisory service expense of \$9,000 and \$18,000, respectively (three and six months ended June 30, 2018 - \$nil) to Greencastle which is included in office and general in the unaudited condensed interim consolidated statements of comprehensive loss.

Included in June 30, 2019 amounts payable and other liabilities is \$17,475 due to Greencastle (December 31, 2018 - \$7,500) for rent and corporate advisory services payable.

## **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".

## **Financial Highlights**

Deveron's net loss totaled \$101,667 for three months ended June 30, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$455,495 with basic and diluted loss per share of \$0.01 for the three months ended June 30, 2018. The decrease of \$353,828 in net loss was principally due to the following:

- Data collection and data analytics revenues increased by \$600,774 for the three months ended June 30, 2019, compared to the three months ended June 30, 2018. The increase is attributable to the new business of the Company since the acquisition of Veritas Farm Management ("Veritas") on September 14, 2018.
- Cost of services increased by \$169,421 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The increase is attributable to direct costs (such as

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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 decreased by \$3,129 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is attributable to decreased corporate activity requiring external professional support.
- Interest expense decreased by \$6,921 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is attributable to Greencastle loan repayment during the year ended December 31, 2018.
- Office and general increased by \$47,726 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 and consisted of costs such as advertising and promotion, supplies, internet, rent and bank service charges.
- Salaries and benefits increased by \$246,455 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The increase is attributable to the Company hiring a higher number of employees during the current period compared to the comparative period.
- Shareholder relations decreased by \$57,657 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is attributable to lower shareholder relation services required by the Company during the current period.
- Travel expenses decreased by \$5,725 for three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is attributable to lower corporate activity requiring travel by management and employees.
- Depreciation decreased by \$39,180 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. Depreciation is recorded on computer equipment, drones, vehicles and right-of-use assets acquired during the current and prior years.
- Business development decreased by \$34,258 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is attributable to lower research done by the Company which required external business development support.
- Share-based payments decreased by \$58,685 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The decrease is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted.
- All other expenses related to general working capital expenditures.

Deveron's total assets at June 30, 2019 were \$4,367,315 (December 31, 2018 - \$4,901,616) against total liabilities of \$525,150 (December 31, 2018 - \$415,448). The decrease in total assets of \$534,301 resulted from cash spent on operating costs. The Company does have sufficient current assets to pay its existing liabilities of \$525,150 at June 30, 2019.

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### **Cash Flow**

At June 30, 2019, the Company had cash and cash equivalents of \$2,052,043. The decrease in cash of \$871,148 from the December 31, 2018 cash balance of \$2,923,191 was a result of cash outflow in operating activities of \$793,860 and cash outflow from investing activities of \$77,288. Operating activities were affected by depreciation of \$76,947, share-based payments of \$340,583, interest expense of \$8,002 and net change in non-cash working capital balances of \$234,806 because of an increase in amounts receivable and other assets of \$87,789, a decrease in amounts payable and other liabilities of \$110,652 and lease payments of \$36,365. Investing activities were affected by the acquisition of property, plant and equipment of \$77,288.

### **Liquidity and Financial Position**

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

As at June 30, 2019, the Company had a working capital of \$2,235,344 (December 31, 2018 – working capital of \$2,967,052). 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:

<b>Event</b>	<b>Cost</b>	<b>Spent</b>	<b>Timing</b>
Continued development of on-demand data network	\$200,000	\$100,000	12 months
Growth of data analytics offering	\$300,000	\$150,000	12 months
Ongoing Marketing Campaign	\$150,000	\$100,000	12 months
Data Infrastructure Investment	\$100,000	\$45,000	12 months
Product Feasibility Testing with Partners	\$250,000	\$125,000	12 months
<b>Total</b>	<b>\$1,000,000</b>	<b>\$520,000</b>	

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 June 30, 2020.

### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for year ended December 31, 2017, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Disclosure of Internal Controls**

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

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

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

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

### **Events After The Reporting Period**

(i) On July 1, 2019, the Company granted 660,000 options to employees and advisors of the Company. The options, at prices ranging from \$0.30 - \$0.375 per share, vest immediately and will expire on March 18, 2020 and July 1, 2022.

(ii) On July 14, 2019, 400,000 options with an exercise price of \$0.25 expired unexercised.

(iii) On August 13, 2019, the Company announced it has entered into an agreement to acquire Atlas. The purchase price for the acquisition of Atlas comprises 250,000 shares of the Company, issued to the shareholders of Atlas, at a deemed price of \$0.30. Under the terms of the agreement, the shares will be released from escrow in 3 tranches on an annual basis, commencing on the first anniversary of the closing date. 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.