FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Clear Mountain Resources Corp.
409 Granville Street, Suite 1000
Vancouver, BC, V6C 1T2

Item 2 **Date of Material Change**

August 12, 2016

Item 3 **News Release**

The Press Release dated August 12, 2016, was disseminated via Canada Stockwatch.

Item 4 **Summary of Material Change**

The Company announced the entering into of a non-binding letter of intent.

Item 5 **Full Description of Material Change**

See attached news release.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable

Item 7 **Omitted Information**

Not Applicable

Item 8 **Executive Officer**

Geoff Balderson, CEO – Tel: 604-602-0001

Item 9 **Date of Report**

August 12, 2016

CLEAR MOUNTAIN RESOURCES CORP.

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Clear Mountain Resources Corp. Announces the Signing of a Non-Binding Letter Of Intent With Patriot One Technologies Inc.

Vancouver, British Columbia - (August 12, 2016) – **CLEAR MOUNTAIN RESOURCES CORP.** (TSX.V:CY) (the "**Corporation**" or "**Clear Mountain**") is pleased to announce that it has entered into a Non-Binding Letter of Intent ("**LOI**") dated July 28, 2016 with Patriot One Technologies Inc. ("**Patriot**"). Clear Mountain and Patriot will enter into a definitive Share Exchange Agreement (the "**Definitive Agreement**") whereby all outstanding securities of Patriot will be exchanged for securities of Clear Mountain (the "**Transaction**"), which constitutes a reverse takeover by Patriot and a change of business of the Corporation from mining to technology. The final structure of the Definitive Agreement is subject to applicable corporate, securities and tax considerations. The Transaction is an arm's length transaction.

On closing of the Transaction, it is anticipated that Clear Mountain will carry on with the development and launch of Patriot's cognitive microwave radar technology, used for the unobtrusive detection of concealed weapons. The Corporation proposes to continue trading on the TSX Venture Exchange (the "**TSXV**") following the Transaction.

Clear Mountain plans to change its name to Patriot One Technologies Inc. as soon as possible.

About Patriot

Patriot is a private company incorporated under the British Columbia *Business Corporations Act* and headquartered in Vancouver, B.C. Canada. Patriot and a research team at McMaster University, a well-respected Canadian center for research, and led by the expert guidance of Dr. Natalie Nikolova (EEE Fellow, CAE Fellow, P.Eng. Professor, Canadian Research Chair in High-Frequency Electromagnetics) have come together in a quest to commercialize a system to detect concealed weapons utilizing novel radar technologies.

The system, which has been developed and tested, is an innovative radar technology providing first responders and security personnel valuable time in Active Threat scenarios. The technology offers stand-off detection of concealed threats typically employed in public locations. What makes Patriot's technology unique is its "cognitive" ability to detect guns and knives as well as to assess threats. The system is trained prior to installation and continues to learn upon deployment, getting better and smarter at detecting hidden weapons with each screening instance.

Patriot technology in conjunction with human based protocols, represents the first cost-effective solution for Active Shooter prevention on the market today.

Patriot is working to move this revolutionary technology ahead as rapidly as possible in order to address the growing global need for effective Active Threat management, including Active Shooter events, in an increasingly threatened world.

"Patriot in developing a concealed weapons detection technology that will revolutionize how building entrances are monitored to ensure safety of occupants," " said Dinesh Kandanchatha, who will assume the role of President of the Corporation on closing of the Transaction. "We believe that the listing of Patriot's shares on the TSXV by a reverse takeover of Clear Mountain is a good strategic move for our company as it will allow Patriot to raise the necessary capital so that we can focus on launching and expanding our exciting and critical business."

Upon completion of the Transaction it is anticipated that Clear Mountain's current management will resign and that Patriot and Clear Mountain will appoint officers with the requisite experience to manage the issuer existing on the completion of the Transaction (the "**Resulting Issuer**") in order to satisfy the requirements of the TSXV. Additionally, upon completion of the Transaction, the board of directors of the Resulting Issuer will be comprised of four members, three of which will be nominated by Patriot and one of which will be nominated by Clear Mountain.

Proposed Officers of Resulting Issuer

It is proposed that the following individuals will be appointed as officers of the Resulting Issuer:

C. Scott M. Shepherd, Chairman, Board of Directors

Mr. Shepherd has worked with the Department of Foreign Affairs and International Trade, Export Development Corporation, Imperial Chemical Industries PLC and Trafalgar House PLC, as well as a stint as Chief Financial Officer with the Nexus group of Companies in Burnaby, B.C. Canada. As President and founding director of NORTHSTAR Trade Finance, Inc., Mr. Shepherd has been active with the promotion and support of small and medium sized exporters throughout the world.

Mr. Shepherd serves on a number of Canadian Boards. He is the Chair, BC Provincial Committee, Canadian Armed Forces Liaison Council; Governor, Dalhousie University; Chairman, MDS Aero Support Corporation; Honourary Consul of Uruguay for British Columbia and Alberta; National Arts Centre Foundation Director; Director and Chair of Audit Committee, Ridley Terminals, a Federal Crown Corporation appointed May 2008; Honourary President for British Columbia and Yukon St. John Ambulance Brigade;

Martin Cronin, Chief Executive Officer and Director

Mr. Cronin is an expert in the areas of counter-terrorism, conflict resolution, and government/corporate interface. He has extensive experience in high intensity conflict environments and recently served as CEO of a private company specializing in communications and survivability technologies. Before moving to the private sector, Mr. Cronin was British Consul-General to Western Canada, based in Vancouver. Mr. Cronin is also Honorary Colonel of the British Columbia Dragoons (a Canadian Forces Primary Reserve Regiment), Regional Director of the Canadian Forces Liaison Council, a member of the Advisory Board of the Central Okanagan Economic Development Commission, and Member of the Advisory Board of International Yacht Training Worldwide. He is a frequent guest speaker on the Middle East and security issues.

Dinesh Kandanchatha, President and Director

Mr. Kandanchatha is a serial entrepreneur who has built and exited three companies very successfully. Currently he is Managing Director of Macadamian Technologies (Toronto, Canada) where he leads business development at one of the leading product consultancies in Canada. He has developed and integrated sales and marketing strategies to facilitate double-digit growth. His previous positions include: VP Business Development and Marketing (Sep 2012 – Oct 2013), VP Sales (Mar 2011 – Oct 2013) and recently: Macadamian Technologies, dineshk.co, University of Toronto Rotman-Nexus. Previously he was General Manager at Protus IP Solutions, TechSupport.ca, Precise Software Technologies Inc. Mr. Kandanchatha hold a degree from the University of Ottawa.

Dr. Natalia K. Nikolova, Chief Scientific Officer

Dr. Nikolova received a Dipl. Eng. (Radioelectronics) degree from the Technical University of Varna, Bulgaria, in 1989, and the Ph.D. (Electrical Engineering) degree from the University of Electro-Communications, Tokyo, Japan, in 1997. Her Ph.D. studies in Japan (1994 to 1997) were supported by a Monbusho (Government of Japan) Postgraduate Scholarship for Foreign Students. From 1998 to 1999, she held a Postdoctoral Fellowship of the Natural Sciences and Engineering Research Council of Canada (NSERC), during which time she was initially with the Microwave and Electromagnetics Laboratory, DalTech, Dalhousie University, Halifax, Canada, and, later, for a year, with the Simulation Optimization Systems Research Laboratory, McMaster University, Hamilton, ON, Canada. Her research interests include microwave imaging and inverse scattering, theoretical and computational electromagnetism as well as computer-aided design of high-frequency structures and antennas. She has published more than 100 papers in engineering and physics journals, and has contributed to more than 135 refereed conferences in the field of microwave engineering and radar, antenna engineering, numerical methods and theoretical electromagnetism. Dr. Nikolova has contributed chapters for four books and is a holder of two patents. In 2011, she was appointed an IEEE Distinguished Microwave Lecturer for a 3-year term and has given numerous invited lectures around the world.

Dr. Nikolova held a University Faculty Award of NSERC from 2000 to 2005. Since 2008, she is a Tier 2 Canada Research Chair in High-frequency Electromagnetics. She is a Fellow of the Institute of the Electrical and Electronic Engineers (IEEE) and a Fellow of the Canadian Academy of Engineering.

Within IEEE, she is a member of the Microwave Theory and Techniques Society and the Antennas and Propagation Society. Within the IEEE Microwave Theory and Techniques Society, she is a member of the following Technical Coordinating Committees: MTT-1 (Computer-aided Design), MTT- 15 (Microwave Field Theory), and MTT-10 (Biological Effects and Medical Applications).

<u>Proposed Advisors of Resulting Issuer</u>

Jamie Hamilton Graham, O.O.M., SBStj, Advisor

Mr. Graham recently served as Chief Constable of the Victoria (Canada) Police Department, (2009 to 2014). Previously, he was Chief Constable (Police Chief) of the Vancouver Police Department (2002 to 2007) where he created that city's first Counter Terrorism Unit. Mr. Graham also served over 34 years with the Royal Canadian Mounted Police (RCMP), holding a

number of command, investigative and executive positions. He has lectured and taught extensively on leadership, security issues, mental health, relationship building and crisis management. Throughout his law enforcement career Mr. Graham was an active member of local, Provincial, National and International Associations of Police Chiefs including the Major City (police) Chiefs (MCC) from 2002-2009. He has been extensively involved in support of related organizations and associations for which he has been widely recognized for his advocacy work. His efforts include serving as a member of advisory committees, as a Director of a provincial board of the Schizophrenia society, and as past President of the British Columbia Association of Chiefs of Police and the B.C. Association of Municipal Police Chiefs. Mr. Graham is a licensed security consultant and investigator.

Patriot is also in talks with independent advisors from the field of law enforcement and worldwide security professions to guide the Corporation's product deployment strategy in going forward and will announce such appointments as they are finalized.

Financial Information of Patriot

At this point, Patriot is preparing its audited financial information which will be disclosed once completed in an updated news release.

Share Exchange Transaction

On closing of the Transaction, Clear Mountain expects to issue to the shareholders of Patriot a total of approximately 23,400,000 common shares in exchange for 100% of the outstanding shares of Patriot.

The completion of the Transaction is subject to a number of conditions, including but not limited to, the execution of the Definitive Agreement, completion of satisfactory due diligence including the delivery and satisfactory review of the audited financial statements of Patriot, completion of the Offering (as defined below) and the approval of the Transaction by each of the TSXV and the board of directors and shareholders of each of Clear Mountain and Patriot (as applicable). Furthermore, the LOI provides that Clear Mountain must have a net cash position of no less than $2,000,000 on closing of the Transaction.

Private Placement

In connection with the Transaction, Clear Mountain will undertake a concurrent private placement financing (the "**Offering**"). It is intended that the Offering will consist of the issuance of up to 14,000,000 Clear Mountain units (each a "**Unit**") at a price of $0.15 per Unit for gross proceeds of up to $2,100,000. Each Unit will be comprised of one common share of the Corporation and one common share purchase warrant (each a "**Warrant**"). Each Warrant will entitle the holder to acquire one additional common share of the Corporation at an exercise price of $0.30 for a period two years. The Corporation intends to seek a waiver of the sponsorship requirements imposed by the policies of the TSXV in connection with the Transaction; however, no such waiver can be assured at this time.

The Resulting Issuer intends to use the proceeds of the Offering to fund the costs of the Transaction, continue development of its product and services offering, operate its business and

pursue opportunities to commercialize its technology. Any securities issued in connection with the Offering will be issued by private placement under securities exemptions and will be subject to a four month and one day statutory hold period pursuant to applicable securities laws. The Corporation will not issue a prospectus with respect to the Offering.

Miscellaneous Terms

On closing of the Transaction, the directors of Clear Mountain propose to grant up to 4,000,000 stock options exercisable at $0.15 per common share pursuant to the terms of the LOI.

The securities to be issued in connection with the Transaction and the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in Regulation S promulgated under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Unless agreed between the Corporation and Patriot, the LOI will terminate on the execution of the Definitive Agreement. The Corporation will provide a summary of Patriot's significant financial information in due course.

About Clear Mountain

The Corporation's business activity has been related to the exploration and development of resource properties. Subsequent to completing the Transaction, the Corporation will cease resource related activities.

Trading Update

The Corporation will issue a more comprehensive news release upon execution of the Definitive Agreement.

Trading of the Corporation's shares will remain halted until completion of the Transaction or until satisfactory documentation is filed with the TSXV. Additional information about the Transaction will be provided by way of a subsequent news release.

Completion of the Transaction is subject to a number of conditions, including TSXV acceptance and shareholder approval, if applicable. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the disclosure document to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Clear Mountain Resources Corp. should be considered highly speculative.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

ON BEHALF OF THE BOARD OF CLEAR MOUNTAIN RESOURCES CORP.

(Signed) "Geoff Balderson"

Geoff Balderson
Chief Executive Officer

For further information contact Geoff Balderson at 604 602-0001.

Reader Advisory

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the proposal to complete the Transaction and associated transactions, including statements regarding the terms and conditions of the Transaction, the Offering and the outlook of the business of Patriot. Although the Corporation believes in light of the experience of its officers and directors, current conditions and expected future developments and other factors that have been considered appropriate that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because the Corporation can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, the risks that the parties will not proceed with the Transaction, the Offering and associated transactions, that the ultimate terms of the Transaction, the Offering, and associated transactions will differ from those that currently are contemplated, and that the Transaction, the Offering and associated transactions will not be successfully completed for any reason (including the failure to obtain the required approvals or clearances from regulatory authorities). The terms and conditions of the Transaction may change based on the Corporation's due diligence and the receipt of tax, corporate and securities law advice for both the Corporation and Patriot. The statements in this press release are made as of the date of this release. The Corporation undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of the Corporation, Patriot, their securities, or their respective financial or operating results (as applicable).