

PATRIOT ONE TECHNOLOGIES INC.

(formerly Clear Mountain Resources Corp.)

**Management's Discussion and Analysis
For the Three Months Ended August 31, 2016**

PATRIOT ONE TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended August 31, 2016

OVERVIEW

This discussion covers the operations of Patriot One Technologies Inc. (formerly Clear Mountain Resources Corp.) (“**Company**”) for the three months ended August 31, 2016. The following management’s discussion and analysis (“**MD&A**”) should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes for the three months ended August 31, 2016 and the annual audited consolidated financial statements and notes for the year ended May 31, 2016 (the “**Financial Statements**”). All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information on the Company is available on SEDAR at www.sedar.com and at the Company’s website, www.clearmountainresources.com. The date of this MD&A is October 28, 2016.

FORWARD LOOKING STATEMENTS

This MD&A may include certain “forward-looking statements” within the meaning of applicable securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward-looking statements. When used in this MD&A, the words “estimate”, “plan”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, changes in project parameters as plans continue to be refined, unavailability of financing, fluctuations in precious and/or base metals prices and other factors. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company is a junior mineral resource exploration company with its head office located in Vancouver, British Columbia, Canada. The Company’s shares were listed for trading on the TSX Venture Exchange (“**Exchange**”) under the trading symbol “CY”. The principal business of the Company is the identification, evaluation and acquisition of mineral properties and the subsequent exploration and operation thereof.

In September 2015, the Company’s wholly-owned subsidiaries, Clear Mountain Production LLC, Clear Mountain Assets LLC, and Clear Mountain Midstream LLC, were fully dissolved.

In November 2015, the Company closed a private placement for gross proceeds of \$40,000, whereby the Company issued 200,000 (4,000,000 pre-consolidation) units at a price of \$0.20 (\$0.01 pre-consolidation) per unit. Each unit consisted of one common share and one share purchase warrant, each warrant exercisable into one additional common share for a period of five years at a price of \$1.00 (\$0.05 pre-

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consolidation) per share. The Company incurred share issuance costs of \$950 in connection with this private placement.

On April 8, 2016, the Company appointed Geoff Balderson as Chief Executive Officer and director of the Company, and Carrie Cesarone as Chief Financial Officer and Secretary of the Company. The Company also appointed Jeffery Tindale and Leighton Bocking as directors of the Company.

Richard Barth resigned as Chief Executive Officer and director, Michael Waldkirch resigned as Chief Financial Officer and director, and Craig Taylor and Mark Vanry resigned as directors of the Company.

On May 16, 2016, the shareholders of the Company approved a common share consolidation on the basis of twenty pre-consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on May 18, 2016. All references to the number of shares and per share amounts have been retroactively restated to give effect to the consolidation.

On June 27, 2016, the Company completed a non-brokered private placement totalling 9,505,000 units at a price of \$0.075 per unit for gross proceeds of \$712,875. Each unit consisted of one common share and one transferable share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.20 per common share expiring on June 27, 2019. The Company issued 133,800 finders’ units with same terms as that of the private placement noted above.

On July 28, 2016, the Company entered into a non-binding letter of intent (“**LOI**”) with Patriot One Detection Ltd. (formerly Patriot One Technologies Inc.) (“**Patriot**”) and on September 14, 2016, the Company entered into a Share Exchange Agreement (the “**SEA**”), whereby all outstanding securities of Patriot will be exchanged for securities of the Company on a 1 for 1 basis. The transaction is considered a Change of Business under Exchange policies. See “Proposed Transactions” below for more details. Subsequent to completing the transaction, the Company will cease resource related activities and become a technology issuer. On August 24, 2016, the Company changed its name to Patriot One Technologies Inc. and its shares were listed for trading on Exchange under the trading symbol “PAT”. Completion of the transaction is subject to a number of conditions, including final Exchange acceptance and shareholder approval.

OVERALL PERFORMANCE

Financial highlights:

Operating expenses during the three months ended August 31, 2016 were \$95,694 versus \$35,222 in the comparative period ended August 31, 2015. The increase in operating expenses in the current period is attributable to an increase in professional fees, consulting fees and transfer agent and filing fees associated with the private placement that closed in June, 2016, the change of name of the Company and the transaction to be completed with Patriot.

The total net increase in cash during the three months ended August 31, 2016 was \$185,471 compared to a decrease of \$2,174 in the comparative period ended August 31, 2015. The increase in the current period was the result of proceeds from share issuance of \$712,875 less share issuance cost of \$4,367 as compared to \$Nil in the comparative period. The Company had cash outflow of \$523,037 from operating activities during the three months ended August 31, 2016 as compared to \$2,174 in the comparative period.

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SELECTED QUARTERLY INFORMATION

At August 31, 2016, the Company had not yet achieved profitable operations and has an accumulated deficit of \$3,348,480 (May 31, 2016 - \$3,252,786) since inception. These losses resulted in a net loss per share (basic and diluted) for the three months ended August 31, 2016 of \$0.012 (2015 - \$0.035).

The following financial data is derived from the Company's Interim Financial Statements for the three months ended August 31, 2016 and 2015:

	For the three months ended August 31,	
	2016 \$	2015 \$
Revenue	-	-
General and administrative expenses	95,694	35,222
Loss and comprehensive loss	(95,694)	(35,222)
Basic and diluted loss per common share	(0.012)	(0.035)
Working capital (deficit)	81,558	(540,534)
Exploration and evaluation assets	-	-
Total assets	202,182	105,819
Total liabilities	120,624	645,302

The Company is considered an exploration stage company and has not generated any revenues to date.

RESULTS OF OPERATIONS

The table below details the changes in major expenditures for the three months ended August 31, 2016 as compared to the corresponding three months ended August 31, 2015.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Foreign exchange loss	Decrease of \$26,128	Decrease in US dollar payables.
Consulting fees	Increase of \$33,500	Increase was correlated with the share exchange agreement with Patriot One Detection Ltd.
Professional fees	Increase of \$42,378	Increase was correlated with the share exchange agreement with Patriot One Detection Ltd.
Transfer agent and filing fees	Increase of \$10,891	Increase was correlated with the private placement completed in June, 2016, the change of the Company's name and the SEA with Patriot One Detection Ltd.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

	Three months ended			
	Aug 31, 2016	May 31, 2016	Feb 29, 2016	Nov 30, 2015
	\$	\$	\$	\$
Loss and comprehensive loss	(95,694)	(9,754)	(9,825)	(21,244)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)
	Aug 31, 2015	May 31, 2015	Feb 28, 2015	Nov 30, 2014
	\$	\$	\$	\$
Loss and comprehensive loss	(35,222)	(7,233)	(103,641)	(85,681)
Basic and diluted loss per share	(0.03)	(0.01)	(0.10)	(0.08)

The Company has not generated revenue since its inception; therefore, the Company continues to incur losses. The losses for the quarters are primarily the result of costs associated with maintaining the Company's as a reporting issuer, management and professional fees.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

The Company does not generate cash from operations and is dependent on raising capital from equity markets to pursue new projects and business opportunities.

The Company's liquidity and capital resources are as follows:

	August 31, 2016	May 31, 2016
	\$	\$
Cash	187,189	1,718
Receivables	6,469	1,624
Prepaid expenses	7,683	5,283
Total current assets	202,182	9,510
Trade payables and accrued liabilities	120,624	540,766
Working capital (deficit)	81,558	(532,141)

The Company's operations consisted primarily of the identification, evaluation and acquisition of mineral properties and the subsequent exploration and operation thereof including actively seeking joint venture partners to assist with exploration funding. Should the transaction with Patriot be successful, the Company will be a technology issuer whose operations will consist of those associated with the development and marketing of technology held by Patriot.

As at August 31, 2016, the Company had a cash position of \$187,189 (May 31, 2016 - \$1,718) consisting of net proceeds from the private placement which closed in June 2016. As at August 31, 2016, the Company had working capital of \$81,558 (May 31, 2016 – working capital deficit of \$532,141).

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, find another financeable project, and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to

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do so in the future, which raise significant doubts about the Company’s ability to continue as a going concern. See “Risks and Uncertainties”.

On June 27, 2016, the Company completed a non-brokered private placement totalling 9,505,000 units at a price of \$0.075 per unit for gross proceeds of \$712,875. Each unit consist of one common share and one transferable share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.20 per common share expiring on June 27, 2019. The Company issued 133,800 finders’ units with same terms as that of the private placement noted above.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the year ended May 31, 2016, and as at August 31, 2016, Leighton Bocking, a director of the Company advanced \$10,000 to the Company. The amount owed is unsecured, non-interest bearing and to be converted into private placement units within one year from advance. If the loan is not converted, there is no obligation to the Company to repay the amount.

Included in accounts payable and accrued liabilities as at August 31, 2016 is \$Nil (May 31, 2016 - \$97,500) owing to Leighton Bocking, a director of the Company which was acquired through an assignment of debt.

Included in accounts payable and accrued liabilities as at August 31, 2016 is \$21,585 (May 31, 2016 - \$Nil) owing to Carrie Cesarone, CFO and \$5,000 (May 31, 2016: \$Nil) owing to Jeff Tindale a director of the Company for consulting fees.

Summary of key management personnel compensation:

	For the three months ended August 31,	
	2016	2015
	\$	\$
Consulting fees		
Carrie Cesarone, CFO	22,500	-
Geoff Balderson, CEO	6,000	-
Jeff Tindale, director	5,000	-
	33,500	-

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PROPOSED TRANSACTIONS

On July 28, 2016, the Company entered into an LOI with Patriot One Detection Ltd. (formerly Patriot One Technologies Inc.) (“**Patriot**”) and on September 14, 2016, the Company, Patriot and all the shareholders of Patriot entered into Share Exchange Agreement (“**SEA**”), pursuant all outstanding securities of Patriot will be exchanged for securities of the Company on a 1 for 1 basis. The transaction is subject to completion of a concurrent private placement financing to ensure a cash net of liabilities position of not less than \$2,000,000 on closing, approval of the board of directors and shareholders of the Company and Patriot and final acceptance of the Exchange.

In connection with the transaction, the Company will undertake a concurrent private placement financing of up to 15,333,333 units at a price of \$0.15 per unit for gross process of \$2,300,000. Each unit will be comprised of one common share and one share purchase warrant. Each share purchase warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.30 per share for a period of two years.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management’s application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the assessment of the Company’s ability to execute its strategy by funding future working capital requirements.

A critical judgment exercised is the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgement.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

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- c) Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, trade payables and accrued liabilities, and due to related parties. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, liquidity and commodity price risk.

- a) Credit risk

Credit risk is risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in trust with a large Canadian financial institution and is not exposed to significant credit risk.

- b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and does not have any interest bearing debt.

- c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company is currently exposed to liquidity risk as it does not have sufficient cash to offset current liabilities. The Company intends to manage its liquidity risk by forecasting cash flows from operations and anticipating future investing and financing activities (which may include acquiring financing through the equity markets). Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

- d) Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and United States dollar. At August 31, 2016, the Company has trade payables and accrued liabilities in US dollars of \$35,702. Each 1% change in the Canadian dollar versus the US dollar would result in a gain/loss of approximately \$357.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may significantly affect its success.

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Lack of Cash Flow and Requirements for New Capital

The Company's current operations do not generate any positive cash flow. The Company has limited financial resources. There can be no assurance that additional funding will be available to allow the Company to fulfill such obligations.

No Operating History

The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Competition

The Company competes with numerous other individuals and companies possessing greater financial resources and technical facilities in the search for and acquisition of attractive mineral properties.

Management: Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Company. In addition, while certain of the Company's officers and directors have experience in the exploration and operation of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms. Certain directors and officers of the Company are associated with other natural resource exploration companies and may from time to time be in a conflict of interest.

Litigation

The nature of the Company's business subjects it to regulatory investigations, claims and lawsuits in the ordinary course of business. There is no assurance that the foregoing matters or any other investigations, claims and lawsuits, will not have an adverse effect on the Company.

CHANGES IN ACCOUNTING POLICIES

There were no changes to the Company's accounting policies during the three months ended August 31, 2016.

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Effective June 1, 2016, the Company adopted IAS 1 – Presentation of Financial statements.

The following standard and interpretation has been issued but is not yet effective:

IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is tentatively effective for annual

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periods beginning on or after January 1, 2018 with early adopted permitted. The Company does not expect any effect on the Company's consolidated financial statements.

OUTLOOK

The Company's primary focus for the foreseeable future will be on reviewing its financial position, seeking new business opportunities and/or financing new business ventures.

DISCLOSURE OF DATA FORM OUTSTANDING COMMON SHARES, OPTIONS AND WARRANTS

Common Shares

Below is a summary of the number of shares, options, and warrants outstanding.

	As at August 31, 2016	As at date of MDA
Common shares	10,862,216	10,862,216
Stock options	-	250,000
Warrants	9,838,800	9,838,800

Stock Options

The Company has issued incentive options to certain directors, employees, officers, and consultants of the Company. As of the date of this report, the Company has stock options to purchase 250,000 common shares at a price of \$0.185 per share expiring on October 3, 2021.

Warrants

As at the date of this report, the Company has warrants outstanding as shown below:

Number of Warrants	Exercise price	Expiry date
	\$	
200,000	1.00	November 18, 2020
9,638,800	0.20	June 27, 2019

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ADDITIONAL INFORMATION

Additional information related to the Company is available for view on SEDAR at www.sedar.com including, but not limited to:

- The Company's Condensed Interim Financial Statements for the three months ended August 31, 2016; and
- The Company's Audited Financial Statements for the year ended May 31, 2016.

Current directors and officers of the Company are as follows:

- Geoff Balderson, President, CEO and Director
- Carrie Cesarone, CFO and Corporate Secretary
- Jeffery Tindale, Director
- Leighton Bocking, Director

The MD&A has been approved by the Board effective October 28, 2016.

Patriot One Technologies Inc.

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