PATRIOT ONE DETECTION LTD.

(formerly Patriot One Technologies, Inc.)

Condensed Interim Financial Statements

October 31, 2016

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER – NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS:

Under National Instrument 51-102 “Continuous Disclosure Requirements”, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited interim financial statements, they must be accompanied by a notice indicating that the unaudited interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these unaudited condensed interim financial statements for the period ended October 31, 2016 in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

PATRIOT ONE DETECTION LTD.
(formerly Patriot One Technologies, Inc.)
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)
(unaudited)

	October 31, 2016	July 31, 2016
Assets		
Cash	$ 195,027	$ 195,090
GST receivable	40,600	-
Due from related party (note 9)	30,166	30,166
Prepaid expenses	89	101
	$ 265,882	$ 225,357
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	$ 383,531	$ 229,109
Shareholders' Deficiency		
Capital stock (note 5)	1,171,966	475,625
Share subscription received in advance (note 5)	-	298,240
Share subscription receivable (note 5**)**	-	(173,375)
Deficit	(1,289,615)	(604,242)
	(117,649)	(3,752)
	$ 265,882	$ 225,357

Nature of operations and going concern (note 1)
Subsequent events (note 10)

Approved on behalf of the Board:

"Scott Shepherd" (signed)

Director

"Dinesh Kandanchatha" (signed)

Director

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

PATRIOT ONE DETECTION LTD.
(formerly Patriot One Technologies, Inc.)
Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(unaudited)

	Three months ended October 31, 2016	Three months ended October 31, 2015
Expenses		
Research and development (note 6)	$ 299,662	$ -
Conferences and tradeshows	137,300	-
Management fees (note 9)	84,232	-
Advertising and marketing	65,258	-
Travel	47,223	-
Professional fees	38,561	-
General and administrative	13,137	-
Loss and Comprehensive Loss for the Period	**$ 685,373**	**$ -**
Basic and Diluted Loss Per Share	**$ 0.03**	**$ -**
Weighted Average Number of Common Shares Outstanding	21,746,356	-

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

PATRIOT ONE DETECTION LTD.
(formerly Patriot One Technologies, Inc.)
Condensed Interim Statement of Change in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(unaudited)

	Capital stock		Share subscription received in advance	Share subscription receivable	Deficit	Total
	Number	Amount				
Balance, March 7, 2016 (date of incorporation)	-	$ -	$ -	$ -	$ -	$ -
Shares issued for cash, net of share issuance costs	16,325,001	397,625	-	-	-	397,625
Shares issued for licensing agreement (notes 5 and 7)	1,560,000	78,000	-	-	-	78,000
Share subscriptions received in advance	-	-	298,240	-	-	298,240
Share subscriptions receivable	-	-	-	(173,375)	-	(173,375)
Net loss for the period	-	-	-	-	(604,242)	(604,242)
Balance, July 31, 2016	17,885,001	$ 475,625	$ 298,240	$ (173,375)	$ (604,242)	$ (3,752)
Share subscriptions received in advance	-	-	(298,240)	-	-	(298,240)
Share subscriptions receivable	-	-	-	173,375	-	173,375
Shares issued for cash, net of share issuance costs	5,074,924	696,341	-	-	-	696,341
					(685,373)	(685,373)
Balance, October 31, 2016	22,959,925	$ 1,171,966	$ -	$ -	$ (1,289,615)	$ (117,649)

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

PATRIOT ONE DETECTION LTD.
(formerly Patriot One Technologies, Inc.)
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)
(unaudited)

		Three months ended October 31, 2016
Operating Activities		
Net loss for period	$	(685,373)
Change in working capital balances:		
Accounts receivable		(40,600)
Prepaid expenses		12
Accounts payable and accrued liabilities		154,422
Cash Used in Operating Activities		(571,539)
Financing Activity		
Shares issued for cash		696,341
Share subscriptions received in advance		(298,240)
Share subscription receivable		173,375
Cash Provided by Financing Activities		571,476
Outflow of Cash		(63)
Cash, Beginning of Period		195,090
Cash, End of Period	$	195,027
Cash paid during the period for interest	$	-
Cash paid during the period for income taxes	$	-

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Patriot One Detection Ltd. (the "Company"), formerly Patriot One Technologies, Inc., was incorporated in the province of British Columbia on March 7, 2016. The principal business of the Company is to commercialize a system to detect concealed weapons utilizing radar technologies. The system is an innovative radar technology providing first responders and security personnel valuable time in active threat scenarios.

The Company's registered and records office is located at 1000 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

At present, the Company has no current operating income. Without additional financing, the Company may not be able to fund its ongoing operations and complete development activities. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations. These financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements do not include all of the information required of full annual financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in the financial performance of the Company since the end of the last reporting period. Therefore, it is recommended that these condensed interim financial statements be read in conjunction with the audited financial statements of the Company for the period from incorporation on March 7, 2016 to July 31, 2016.

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

The significant accounting policies set out in note 3 have been applied consistently to the period presented.

2. BASIS OF PRESENTATION (continued)

(b) Approval of the financial statements

These condensed interim financial statements of the Company were approved by the Board of Directors and authorized for issue on January 15, 2017.

(c) New accounting pronouncements:

IFRS 9, Financial Instruments ("IFRS 9")

The Company will be required to adopt IFRS 9, *Financial Instruments*, which is the IASB's replacement of IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 will provide new requirements for classification and measurement of financial assets and liabilities, and impairment. IFRS 9 is required to be applied for years beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet assessed the impact of this standard.

The Company is currently evaluating the impact of IFRS 9 on its financial statements and expects to apply the standard in accordance with its future mandatory effective date. The extent of the impact of adoption of this pronouncement has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, FVTPL, loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss
Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Cash is included in this category of financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Financial instruments (continued)

(i) Financial assets (continued)

Loans and receivables
Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method. Due from related party is classified as loans and receivables.

Held-to-maturity
Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Available-for-sale
AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(ii) Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL)
This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Borrowings and other financial liabilities
Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The Company's financial instruments classified as Level 1 in the fair value hierarchy are cash.

(iv) Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(b) Intangible assets

(i) Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

In subsequent periods, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Intangible assets (continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its estimated residual value.

Amortization is recognized in profit or loss on a sales-based rate, other than intangible assets arising from a service concession arrangement that are amortized according to the unit of production method, over the estimated useful lives of the intangible assets from the date they are available for use, since these methods most closely reflect the expected pattern of consumption of the future economic benefits embodied in each asset.

Internally generated intangible assets are not systematically amortized as long as they are not available for use (i.e. they are not yet on site or in working condition for their intended use). Accordingly, these intangible assets, such as development costs, are tested for impairment at least once a year, until such date as they are available for use.

Amortization method is sales based rate, and the Company examines the estimated sales forecast at the end of each reporting period.

The Company examines the useful life of an intangible asset that is not periodically amortized at least once a year in order to determine whether events and circumstances continue to support the decision that the intangible asset has an indefinite useful life.

(c) Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income/loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of operations.

Current tax expense is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(e) Capital stock

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Proceeds from unit placements are allocated between shares and warrants using the residual value method which first allocates value to the more easily measurable component, common shares, as determined by the closing market price on the date of announcement. The balance is then allocated to the attached warrants.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities and contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant areas requiring the use of management estimates include:

Deferred income tax assets & liabilities.

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Significant areas requiring the use of management's judgments include:

- Treatment of development costs
  Costs to develop products are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assessed based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any development costs as at October 31, 2016.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk exists with respect to the Company's cash, as all amounts are held at a single major American financial institution.

4. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Credit risk is minimized by ensuring that these financial assets are placed with a major Canadian financial institution with a strong investment-grade rating by a primary ratings agency and insured with the Canada Deposit Insurance Corporation.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At October 31, 2016, the Company had cash of $195,027 available to meet short-term business requirements and current liabilities of $383,531. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk.

5. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and outstanding

On March 7, 2016, the Company issued 1 common share at a price of $0.005 in connection with the incorporation of the Company.

On April 7, 2016, the Company issued 100,000 common shares at a price of $0.005 per common share for total proceeds of $500.

On June 9, 2016, the Company issued 9,025,000 common shares at a price of $0.005 per common share for total proceeds of $45,125.

On July 28, 2016, the Company issued 1,560,000 common shares with a fair value of $78,000 to McMaster University ("McMaster") for licensing fees (note 7).

5. CAPITAL STOCK (continued)

(b) Issued and outstanding (continued)

On July 29, 2016, the Company issued 7,200,000 units at a price of $0.05 per unit for total proceeds of $360,000. Each unit comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.10 per common share for a period of two years. The Company incurred share issuance costs of $8,000.

On August 22, 2016, Patriot issued 5,074,924 units at a price of $0.15 per unit for total proceeds of $761,240. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.30 per common share for a period of two years. The Company incurred share issuance costs of $4,000 and paid finders a commission of $60,899 which has also been recorded as a share issuance cost.

(c) Share purchase warrants

On July 29, 2016, the Company issued 7,200,000 share purchase warrants at an exercise price of $0.10 for 2 years. The Company has determined the share purchase warrants to have a residual value of $nil on the date of issuance.

On August 22, 2016, Patriot issued 5,074,924 share purchase warrants at an exercise price of $0.30 for 2 years. Patriot determined the share purchase warrants to have a residual value of $nil on the date of issuance.

The following summarizes information about the Company's share purchase warrants outstanding:

	Share purchase warrants		Weighted average exercise price
Balance, March 7, 2016 (date of incorporation)	-	$	-
Issuance of warrants, expiring on July 29, 2018	7,200,000		0.10
Balance, July 31, 2016	7,200,000	$	0.10
Issuance of warrants, expiring on August 22, 2018	5,074,924	$	0.30
Balance, October 31, 2016	12,274,924	$	0.18

6. RESEARCH AND DEVELOPMENT

The following is a breakdown of the material components of research and development expenses:

	Three months ended October 31, 2016	Three months ended October 31, 2015
Software	$ 107,737	$ -
Hardware	109,675	-
Algorithm development	82,250	-
	$ 299,662	$ -

7. LICENSING, ASSIGNMENT AND OPTION FEES

On April 29, 2016, the Company entered into an agreement with Bullrun Capital Inc. ("Bullrun") wherein Bullrun agreed to assign to the Company its option (the "Option Agreement") to obtain from McMaster a worldwide exclusive license to use or cause to be used certain radar technology used to detect concealed weapons (the "License Agreement") invented, developed and/or acquired by McMaster. In consideration for the Option Agreement, the Company agreed to pay a fee of $60,000 and to grant Bullrun a 2% royalty to be paid on sales of all commercial products developed under this potential License Agreement between McMaster and the Company. This royalty payable to Bullrun would be in addition to any royalties to be paid to McMaster by the Company.

The Company exercised its option and entered into the License Agreement with McMaster. In consideration for the License Agreement, the Company paid an up-front license fee of $10,000 and issued 1,560,000 common shares with a fair value of $78,000 (note 5). In addition, the Company agreed to pay a royalty percentage of 3.5% on net sales and from time to time, issue common shares of the Company to McMaster so that in the aggregate, shares held by McMaster represent 5% of the Company's issued and outstanding common shares calculated on a fully diluted basis. Such issuance shall continue until and including the date upon which a total of $2,000,000 in cash shall be received by the Company in exchange for the Company's capital stock. Thereafter, no additional shares shall be due to McMaster. As well, the Company agreed to make minimum annual royalty payments as follows:

- first year $2,500;
- second year 2,500;
- third year 5,000; and
- fourth and subsequent years 7,500.

7. LICENSING, ASSIGNMENT AND OPTION FEES (continued)

On October 26, 2016, the Company entered into an amended agreement with Bullrun wherein both parties set out their mutual understandings and conclusively recorded the terms and conditions with respect to the Bullrun Royalty. In the amended agreement, Bullrun agreed to an equal division of the Bullrun Royalty between Bullrun and Rajni Singhera ("Singhera") to be paid on net sales of licensed product in a calendar year the amount of which is to be accrued and paid annually on March 31 of following year. Payment of the Bullrun Royalty is subject to a minimum royalty threshold of $100,000 the first payment of which is not payable until March 31, 2019 and then annually thereafter.

In the case where the Company's Board of Directors determines that the payment of the Bullrun Royalty would impact the ongoing operations of the Company, the annual payment for that year will be satisfied by the issuance of notes payable to Bullrun and Singhera which notes will mature two years from the date of issue and accrue interest at the Bank of Canada prime rate plus 3% per annum.

8. CAPITAL MANAGEMENT

The Company is actively commercializing a system to detect concealed weapons utilizing novel radar technologies. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of capital stock. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations, and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' deficiency. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

There have been no changes to the Company's approach to capital management during the three months ended October 31, 2016.

Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this financing.

9. RELATED PARTY TRANSACTIONS

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

Key management compensation and amounts paid to or accrued for related parties during the three months ended October 31, 2016 include:

- $78,832 relating to management fees paid to officers and directors of the Company or to companies controlled by officers and directors of the Company; and
- $60,899 relating to commissions paid to a company controlled by a director of the Company (note 5).

As at October 31, 2016, $30,166 is receivable from a company controlled by a director of the Company for expenses paid on behalf of the Company.

As at October 31, 2016, accounts payable and accrued liabilities includes $4,200 payable to officers and directors of the Company and $14,692 payable to companies controlled by officers and directors of the Company for management fees and expenses paid on behalf of the Company.

10. SUBSEQUENT EVENTS

On November 10, 2016 (the “Acquisition Date”), the Company and Patriot One Technologies Inc. (“Patriot”) (formerly Clear Mountain Resources Corp.), completed a securities exchange agreement (the “Acquisition Agreement”) wherein the terms and conditions of the acquisition by Patriot of all of the issued and outstanding securities of the Company pursuant to the Acquisition Agreement (the “Acquisition”) were set forth.

The Acquisition was completed by way of a securities exchange pursuant to Policy 5.2 *Changes of Business and Reverse Takeovers*, of the TSX-V. As per terms of the Acquisition Agreement, Patriot issued shares to the shareholders of the Company, in exchange for the delivery to Patriot of all of the issued and outstanding Company shares at an exchange ratio of one Patriot common share for each Company common share. Each shareholder of the Company received her or his pro rata proportion of Patriot common shares based on the number of Company common shares exchanged. No fractional common shares were issued. Outstanding convertible securities of the Company were also exchanged on equivalent terms. After the Acquisition, Patriot became engaged in the Company’s principal business activities.