PATRIOT ONE TECHNOLOGIES INC.

Condensed Interim Consolidated Financial Statements

For the Three months Ended August 31, 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

The accompanying condensed interim consolidated 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 consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

Under National Instrument 51 – 102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

PATRIOT ONE TECHNOLOGIES INC.
Condensed Interim Consolidated Financial Statements
For the Three Months Ended August 31, 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

PATRIOT ONE TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	August 31, 2016	May 31, 2016
	$	$
Assets		
Current		
Cash	187,189	1,718
Receivables	6,469	1,624
Prepaid expenses	7,683	5,283
	201,341	8,625
Equipment	841	885
	202,182	**9,510**
Liabilities		
Current		
Trade payables and accrued liabilities (Notes 3 and 4)	120,624	540,766
	120,624	540,766
Shareholders' (deficit) equity		
Share capital (Note 5)	3,226,661	2,518,153
Subscription received (Note 4)	10,000	10,000
Reserves (Note 5)	-	193,377
Deficit	(3,155,103)	(3,252,786)
	81,558	(531,256)
	202,182	**9,510**

Nature and Continuance of Operations (Note 1)
Subsequent Event (Note 9)

These condensed interim consolidated financial statements are authorized for issuance by the Board of Directors on October 28, 2016.

On Behalf of the Board of Directors:

"Jeffery Tindale"	"Geoff Balderson"
Jeffery Tindale, Director	Geoff Balderson, Director

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

PATRIOT ONE TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended August 31,	
	2016	**2015**
	$	**$**
EXPENSES		
Consulting fees	33,500	-
Depreciation	44	55
Foreign exchange loss	-	26,128
Insurance	1,500	2,250
Office and miscellaneous	655	64
Professional fees	45,811	3,433
Transfer agent and filing fees	14,184	3,293
Loss and comprehensive loss for the period	(95,694)	(35,222)
Basic and diluted loss per share	(0.012)	(0.035)
Weighted average number of common shares outstanding	8,033,438	1,018,417

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

PATRIOT ONE TECHNOLOGIES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended August 31,	
	2016	**2015**
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(95,694)	(35,222)
Items not affecting cash		
Depreciation	44	55
Unrealized foreign exchange gain	-	26,128
	(95,650)	(9,039)
Changes in non-cash working capital items		
Decrease (increase) in receivables	(4,845)	(86)
Decrease in prepaid expenses	(2,400)	6,810
Increase (decrease) in trade payables and accrued liabilities	(420,142)	141
	(523,037)	(2,174)
Cash flows from financing activities		
Proceeds from share issuance	712,875	-
Share issuance costs	(4,367)	-
	708,508	-
Net change in cash	185,471	(2,174)
Cash, beginning of period	1,718	101,874
Cash, end of period	187,189	99,700

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

PATRIOT ONE TECHNOLOGIES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares Issued	Share Capital	Subscription Received	Option Reserves	Total Reserves	Deficit	Total Shareholders' Deficiency
		$	$	$	$	$	$
Balance at May 31, 2015	**1,023,416**	**2,479,103**	**-**	**217,965**	**217,965**	**(3,201,329)**	**(504,261)**
Net loss for the period	-	-	-	-	-	(35,222)	(35,222)
Balance at August 31, 2015	**1,023,416**	**2,479,103**	**-**	**217,965**	**217,965**	**(3,236,551)**	**(539,483)**
Shares issued for cash (Note 5)	200,000	40,000	-	-	-	-	40,000
Share issuance costs (Note 5)	-	(950)	-	-	-		(950)
Forfeiture of stock options	-	-	-	(24,588)	(24,588)	24,588	-
Subscription received	-	-	10,000	-	-	-	10,000
Net loss for the period	-	-	-	-	-	(40,823)	(76,045)
Balance at May 31, 2016	**1,223,416**	**2,518,153**	**10,000**	**193,377**	**193,377**	**(3,252,786)**	**(531,256)**
Shares issued for cash (Note 5)	9,505,000	712,875	-	-	-	-	712,875
Share issue cost (Note 5)							
Cash	-	(4,367)	-	-	-	-	(4,367)
Units issued as finders fees	133,800	-	-	-	-	-	-
Forfeiture of stock options	-	-	-	(193,377)	(193,377)	193,377	-
Net loss for the period	-	-	-	-	-	(95,694)	(95,694)
Balance at August 31, 2016	**10,862,216**	**3,226,661**	**10,000**	**-**	**-**	**(3,155,103)**	**82,558**

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

1. Nature and Continuance of Operations

Clear Mountain Resources Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia, Canada on May 11, 2010 and completed its initial public offering (the "IPO") and received the final exchange bulletin for the Transaction from the TSX Venture Exchange ("Exchange") on May 10, 2012. As a result, the Company's shares were listed for trading on the Exchange on May 15, 2012 under the trading symbol "CY". Effect August 24, 2016 the Company changed its name to Patriot One Technologies Inc. and commenced trading on the Exchange under the trading symbol "PAT" (See Note 12).

The Company's head office and principal address is Suite 1000 – 409 Granville Street, Vancouver BC V6C 1T2. The principal business of the Company is the identification, evaluation and acquisition of mineral properties and the subsequent exploration and operation thereof.

These condensed interim consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

The operations and exploration and acquisition activities of the Company were primarily funded by the issue of share capital. At August 31, 2016, the Company has incurred losses since its inception and has an accumulated deficit of $3,155,103 (May 31, 2016 - $3,252,786). The Company's ability to continue its operations and to realize assets at their carrying values is dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient equity financing, and generate profitable operations in the future. 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 do so in the future. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. Significant Accounting Policies and Basis of Presentation

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Statement of compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is 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 annual reporting period. Therefore, it is recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended May 31, 2016.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended May 31, 2016.

2. Significant Accounting Policies and Basis of Presentation (continued)

Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

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. The factors considered by management are disclosed in Note 1.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended August 31, 2016 and have not been applied in preparing these condensed interim consolidated financial statements. The new and revised standards will be effective to the Company's consolidated financial statements for the year ending May 31, 2019 or later. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

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 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.

3. Trade Payables and Accrued Liabilities

	August 31, 2016	May 31, 2016
	$	$
Trade payables	118,824	529,466
Accrued liabilities	1,800	11,300
	120,624	**540,766**

(Expressed in Canadian Dollars)

4. Related Party Transactions

During the year ended May 31, 2016 and as at August 31, 2016, a director of the Company advanced $10,000 to the Company. The advance is non-interest bearing and will be converted into private placement units within one year from advance. If the advance 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 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	**-**

5. Share Capital and Reserves

Authorized and Issued Share Capital

Unlimited number of common shares without par value

During the three months ended August 31, 2016

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. The Company also recorded $4,367 in additional share issue cost.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

During the year ended May 31, 2016

In November 2015, the Company completed a non-brokered private placement totalling 200,000 units at a price of $0.20 per unit for gross proceeds of $40,000. 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 $1.00 per common share expiring on November 18, 2020. The Company recorded $950 in share issue cost.

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.

Stock Options

Under the Company's stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be 5 years or such longer term as permitted by the Exchange.

There were no stock options granted during the three months ended August 31, 2016.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
		$
Outstanding at May 31, 2015	76,475	3.13
Forfeited	(8,850)	3.08
Outstanding at May 31, 2016	67,625	3.14
Forfeited	(67,625)	3.14
Outstanding at August 31, 2016	-	-

During the three months ended August 31, 2016, 67,625 stock options with a weighted average exercise price of $3.14 were forfeited. A value of $193,377 attributed to these stock options previously recorded was transferred from reserves to deficit.

(Expressed in Canadian Dollars)

5. Share Capital and Reserves (continued)

Share Purchase Warrants

A summary of share purchase warrant activities is as follows:

	Number of warrants	Weighted average exercise price
		$
Outstanding at May 31, 2015	263,750	3.00
Issued	200,000	1.00
Expired	(235,000)	3.00
Outstanding at May 31, 2016	228,750	1.25
Issued	9,638,800	0.20
Expired	(28,750)	3.00
Outstanding at August 31, 2016	9,838,800	1.20

A summary of the share purchase warrants outstanding at August 31, 2016 is as follows:

Expiry Date	Number Outstanding	Exercise Price
		$
November 18, 2020	200,000	1.00
June 27, 2019	9,638,800	0.20
	9,838,800	

6. Capital Disclosure and Management

The Company considers its capital structure to include shareholders' deficit. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

There were no changes in the Company's approach to capital management during the three months ended August 31, 2016. The Company is not subject to externally imposed capital requirements.

7. Segmented Information

The Company has one reportable operating segment – the acquisition and exploration of exploration and evaluation assets. All of the Company's assets are located in Canada.

8. Financial Instruments and Risk Management

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:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs 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 large Canadian financial institutions 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's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

8. Financial Instruments and Risk Management (continued)

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.

9. Subsequent Events

On July 28, 2016, the Company entered into a non-binding letter of intent 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.

On October 2, 2016, the Company granted 250,000 share purchase options to a director of the Company exercisable at $0.185 per share expiring on October 3, 2021.