



PatriotOne
TECHNOLOGIES
Deter | Detect | Defend

ANNUAL INFORMATION FORM

**FOR THE FINANCIAL YEAR
ENDED JULY 31, 2020**

OCTOBER 14, 2020

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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form (the “**Annual Information Form**”) is stated as of July 31, 2020.

The information presented herein reflects the details of the financial year ended July 31, 2020, of Patriot One Technologies Inc. on a consolidated basis. Unless otherwise noted or the context otherwise indicates, “Patriot”, the “Company”, “we”, “us” and “our” refer to Patriot One Technologies Inc.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” in Appendix “A” of this Annual Information Form.

Forward-Looking Statements

Certain statements in this Annual Information Form about our current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, “forward-looking statements”). The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Discussions containing forward-looking statements include, among other places, those under “Business of the Company” and “Risk Factors”. Forward-looking statements are based on certain assumptions and estimates made by us in light of the experience and perception of historical trends, current conditions, expected future developments including projected growth in the security and related industries, and other factors we believe are appropriate and reasonable in the circumstances; however, there can be no assurance that such assumptions and estimates will prove to be correct.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors, which are discussed in greater detail in the “Risk Factors” section of this Annual Information Form.

The purpose of the forward-looking statements is to provide the reader with a description of management’s expectations regarding the Company’s financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. Actual results and developments are likely to differ and may differ materially, from those expressed or implied by forward-looking statements contained in this Annual Information Form. Furthermore, unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as of the date of this Annual Information Form, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

Presentation of Financial Information

All references in this Annual Information Form to “Fiscal 2020” are to the Company’s fiscal year ended July 31, 2020.

The Company presents its financial statements in Canadian dollars. All dollar figures in this Annual Information Form are in Canadian dollars unless otherwise indicated. All of the financial data contained in this Annual Information Form relating to the Company have been prepared using International Financial Reporting Standards (“IFRS”).

BACKGROUND AND CORPORATE STRUCTURE

Name, Address, and Incorporation

The Company was incorporated on May 11, 2010, under the Business Corporations Act (British Columbia) under the name “Clear Mountain Resources Corp.”. It completed its initial public offering on May 10, 2012, and on May 15, 2012, the Company’s Common Shares were listed for trading on the TSX Venture Exchange (the “**TSXV**”) under the trading symbol “CY”. The Company changed its name to “Patriot One Technologies Inc.” and changed its trading symbol to “PAT” on August 24, 2016. The Company was delisted from the TSXV on April 9, 2019 and listed on the Toronto Stock Exchange (the “**TSX**”). The Company is also listed on the OTCQX in the United States, and “OPL” on the Frankfurt Stock Exchange in Germany. The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario.

The principal regulator of the Company is the British Columbia Securities Commission. The head office of the Company is located at 400-257 Adelaide St. W, Toronto, ON M5H 1X9 and the registered and records office of the Company is located at 400-725 Granville Street, Vancouver, BC, V7Y 1G5.

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares with no par value, of which 150,728,622 Common Shares are issued and outstanding.

Intercorporate Relationships

The Company has five wholly-owned subsidiaries; Patriot One Detection Ltd., Patriot One (UK) Limited, Patriot One Detection Technologies Inc., EhEye Inc. and Xtract Technologies Inc. Patriot One Detection Ltd. was incorporated under the name Patriot One Technologies Inc. on March 7, 2016, under the *Business Corporations Act* (British Columbia) and on August 15, 2016, changed its name to Patriot One Detection Ltd. The registered and records office of Patriot One Detection Ltd. is located at 400-725 Granville Street, Vancouver, B.C. V7X 1G5.

Patriot One (UK) Limited was incorporated as a private limited company on November 7, 2017, under the laws of England. The registered and records office of Patriot One (UK) Limited is located at 41 Lothbury, London EC2R 7HF, United Kingdom.

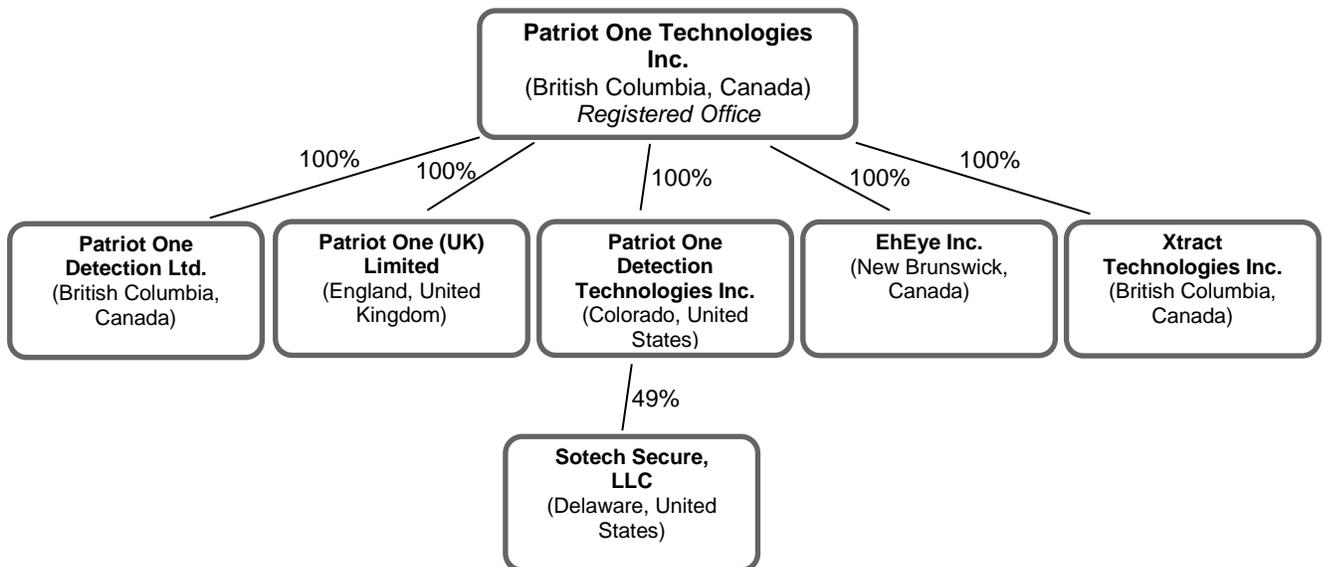
Patriot One Detection Technologies Inc. was incorporated as a private corporation on October 15, 2018, under the laws of the state of Colorado, United States of America. The registered and records office of Patriot One Detection Ltd. is located at 6400 S Fiddlers Green Circle, Suite 1000, Greenwood Village, CO, 80111.

EhEye Inc. was incorporated as a private corporation on November 1, 2016, under the laws of the province of New Brunswick. The registered and records office of EhEye Inc. is located at 412 Queen St., Unit 310, Fredericton, New Brunswick, E3B 1B6.

Xtract Technologies Inc. was incorporated as a private corporation on October 3, 2016, under the laws of the province of British Columbia. The registered and records office of Xtract Technologies Inc. is located at 400-725 Granville Street, Vancouver, B.C. V7X 1G5.

In addition, effective January 18, 2019, Patriot One Detection Technologies Inc. acquired a 50% interest in Sotech Secure, LLC ("**Sotech**"), a newly incorporated limited liability corporation formed under the laws of the State of Delaware. After the acquisition of Sotech, the Company's interest was diluted to a 49% equity interest.

The organization chart below indicates the intercorporate relationships of the Company, together with the jurisdiction of incorporation or constitution of each such entity.



Three Year History

The following key highlights were achieved by the Company over the past three years:

- On October 31, 2017, the Company issued 9,602,500 units for gross proceeds of \$11,523,000 pursuant to a bought deal equity financing. Each unit consisted of one Common Share and a one half of a Common Share purchase warrant. The 4,801,250 purchase warrants allow the holders to acquire an additional Common Share at \$1.70 per share until October 31, 2020.
- On February 22, 2018, the Company issued 12,650,000 units for gross proceeds of \$25,300,000 pursuant to a bought deal equity financing. Each unit consisted of one Common Share and a one half of a Common Share purchase warrant. The 6,325,000 purchase warrants allow the holders to acquire an additional Common Share at \$2.40 per share until February 16, 2021.

- On November 21, 2018, the Company issued 18,400,000 units for gross proceeds of \$46,000,000 pursuant to a bought deal equity financing. Each unit consisted of one Common Share and one Common Share purchase warrant. The 18,400,000 purchase warrants allow the holders to acquire an additional Common Share at \$3.25 per share until November 21, 2020.
- On July 25, 2019, the Company entered into a licensing agreement with Quasar Federal Systems, Inc. (“**Quasar**”) for a perpetual, worldwide, exclusive, fully paid-up, transferable and irrevocable license to use Quasar’s intellectual property in exchange for an aggregate cash consideration of \$6,574,000 (US\$5,000,000). The Quasar license includes access to patented sensor technology and patent pending magnetic detection and security screening technology. This technology has been instrumental in developing our PATSCAN MSG product.
- On January 10, 2019, the Company announced the closing of its acquisition of EhEye Inc. (“**EhEye**”) and its video recognition software. The Company acquired 100% of the issued and outstanding shares of EhEye through the issuance of 1,636,363 Common Shares to the former shareholders of EhEye, which is now a wholly-owned subsidiary of Patriot. EhEye’s video recognition software has been rebranded as PATSCAN VRS.
- On September 6, 2019, the Company acquired 100% of the issued and outstanding shares of Xtract Technologies Inc. (“**Xtract**”) for a cash payment of \$6,000,000, a working capital adjustment and option holder payout of \$1,546,526 and the issuance of 9,422,956 Common Shares of the Company at a fair value of \$16,867,090. Xtract develops and commercializes artificial intelligence, machine learning, deep neural network and predictive solutions utilizing its proprietary technology for public institutions and private enterprises. Through the integration of the Xtract data science team, the Company is progressing with advancing the integration of the various sensor technologies to further enhance the accuracy, effectiveness and real-world utility of the PATSCAN platform.
- In May 2020, the Company released the first suite of video-based sensor solutions, the PATSCAN VRS-G, VRS-HS & VRS-T, which dually serve end-user needs of weapons-related threat detection and the threat to public health and business continuity posed by the COVID-19 pandemic.
- On May 21, 2020 the Company was selected to receive up to \$4.5 million in co-investment capital from the Canadian Digital Technology Supercluster COVID-19 Program for the development and deployment of health and safety technologies to detect dangers before they become a threat to our communities. This funding will be used to expand the capabilities of the existing PATSCAN platform, adding health features in response to the COVID-19 Pandemic.
- In August 2020, the Company released the first solution, the PATSCAN MSG 1.0, which identifies on-body concealed weapons that can pose a risk to mass casualty events, and is a direct result of the contribution by the talent acquired through the Xtract acquisition.

Significant Acquisitions

On September 6, 2019, the Company acquired 100% of the issued and outstanding shares of Xtract, a limited company incorporated under the laws of British Columbia, Canada. Xtract

develops and commercializes artificial intelligence, machine learning, deep neural network and predictive solutions utilizing its proprietary technology for public institutions and private enterprises. The purchase price included a cash payment of \$6,000,000, a working capital adjustment and option holder payout of \$1,546,526 and the issuance of 9,422,956 Common Shares of the Company ("Consideration Shares") at a fair value of \$16,867,090. The Company incurred non-recurring transaction costs associated with the acquisition of approximately \$1,500,000.

BUSINESS OF THE COMPANY

For the purposes of this "Business of the Company" section, Patriot One Technologies Inc., Patriot One Detection Ltd., Patriot One (UK) Limited, Patriot One Detection Technologies Inc, EhEye Inc, and Xtract Technologies Inc. shall collectively be referred to as "**Patriot**" or the "**Company**". The principal business of the Company is to commercialize an integrated, layered, multi-sensor platform of technologies, to reduce the threat of mass casualty events. The Company's mission is to be the foremost global proponent and provider of innovative threat detection and counter-terrorism solutions and services for public safety. The Company has started commercial operations as of July 31, 2020.

The principal business of the Company is to commercialize an integrated, layered, multi-sensor platform of technologies, referred to as the "PATSCAN™ platform", with the aim of enhancing public health and safety. The Company's mission is to be one of the foremost global proponents and providers of commercial threat countermeasures for community safety. The Company has two distinct operating segments being its Patriot Threat Detection and Xtract business units. Patriot Threat Detection develops and commercializes a platform of multi-sensor threat detection technologies, while Xtract develops and commercializes artificial intelligence solutions for customers.

COVID-19 Impact to Operations

The COVID-19 pandemic has caused material changes to the global economic, political and consumer landscape. The Company is not alone in experiencing significant impacts on its near-term business planning and has taken significant and extraordinary measures to limit the impact of the COVID-19 pandemic on its stakeholders.

The COVID-19 pandemic and prolonged lockdowns pose a significant risk to the Company and could impact its financial operations and revenue outlook should restrictions and regulations to contain the pandemic be fully maintained for an extended time period. The Company acted quickly to protect the well-being of its employees and customers by temporarily closing its offices and delaying the installation of its platforms during the year ended July 31, 2020. The Company has continued to make progress on the PATSCAN platform and maintained operations through a carefully constructed work continuity plan which allows employees to remain collaborative. The Company has and will continue to benefit from various COVID-19 relief programs that governments have put in place to offset adverse effects to businesses.

During the year ended July 31, 2020, the Company needed to curtail certain field trials, deployments, testing, data gathering and business development and sales activities due to government imposed travel restrictions and the health risks that travelling during a time of significant uncertainty and risk would entail. While the curtailment of these face to face, on-site activities cause delays in our near-term financial performance, the Company believes that the lack of travel and face to face interaction has been beneficial in enabling the Company in planning, strategizing and developing a robust and thorough series of plans and actions for the

months and years to come. Due to the circumstantial limitations the COVID-19 pandemic has created for the Company's near-term plans, management has taken extensive steps and measures to control costs and recalibrate near-term spending decisions in light of the general business restrictions and the effect those restrictions have had, and are continuing to have, on our current and prospective reseller partners, and ultimately, the end-user customers. These cost control activities will endure as long as the near-term challenges presented by the pandemic persist. As of the date of this AIF, the Company continues to experience significant uncertainty in near-term planning as it relates to sales and implementation activities.

Although the COVID-19 lockdowns have had an adverse effect on fulfilling sales commitments and the speed and efficiency of development activities for the Company, COVID-19 has also presented a large opportunity for the Company to use its existing capabilities to provide solutions to assist other businesses safely re-open. The Company has identified, and is continuing to identify, significant near, mid, and long-term opportunities to service public and private sectors with technology solutions to mitigate the risks of this pandemic, and other possible threats to business continuity and public health.

Some of these opportunities include using artificial intelligence techniques to detect elevated body temperatures with the use of thermal camera technologies, individuals not wearing masks where required, a lack of adequate social distancing being maintained, and other novel opportunities, including but not limited to the identification of high-contact surfaces in a public setting which would benefit from being identified to be cleaned or disinfected more frequently than the whole facility, thereby, using front-line personnel in the most efficient and effective manner. These solutions will be sold as additional features or modules to the existing PATSCAN platform. During the year, the Company was selected to receive up to \$4.5 million in co-investment capital from the Canadian Digital Technology Supercluster COVID-19 Program for development of many of these technologies, which was announced by way of press release on May 21, 2020.

Outlook and Overall Performance

Patriot Threat Detection Operating Segment

During the fiscal year, the Company continued to invest in research and development, infrastructure, products and people to prepare for the commercialization of its products.

The Company has been engaged in a continuous and extensive process of evaluating various sensor forms, formats, technological approaches, third-party hardware and software, open source technologies, publicly available data sets, leading research and publications to continually enhance the dynamism and utility of the PATSCAN Platform. Sensor technologies and technological approaches can take many forms and formats, and the utility of the information and insight provided from the sensor technologies can be used by many stakeholders in a plethora of forms and formats. The Company has benefited and will continue to benefit from the extensive and invaluable feedback and insight garnered from early adopter clientele and reseller partners as new beta solutions are provided, tested, and evaluated in real world settings.

The Company views the PATSCAN Platform as a flexible, non-obtrusive, dynamic, cost effective, and leading-edge technological solution to provide enhanced situational awareness to a variety of stakeholders. Optimal configuration will be bespoke, and coordinated through site visits and pre-deployment planning, handled primarily by the qualified and approved reseller network, and further supported by the Company's engineering and customer support teams to ensure end-user satisfaction of the highest degree.

The Company will continue to evaluate complementary and auxiliary technologies that could enhance and augment the PATSCAN Multi-Sensor Covert Threat Detection Platform and provide further capabilities to the end-users in meeting the objective of reducing the active threats.

In June 2020, the Company successfully launched its first offering of health and safety threat detection solutions including the VRS-HS, and VRS-T, video-based sensor technologies, along with the PATSCAN platform software. The PATSCAN VRS-T module detects thermal elevated body temperature and can be deployed on a single thermal camera at entrances to any facility for the identification of elevated body temperatures, which might indicate a fever-related to a virus or contagion. The PATSCAN VRS-HS module has been designed for deployment across multiple digital video cameras on any VMS system at for detection of compliance or absence of facial masks.

The Company believes that pandemic response solutions, including VRS-HS and VRS-T along with additional solution technologies currently under development are a logical and effective area of focus for the business and align with customer needs.

In August 2020, the Company commercially launched the PATSCAN MSG 1.0, being its first commercialized multi-sensor gateway solution for covert threat detection of concealed weapons into secured private or public spaces, utilizing its unique passive sensor array. PATSCAN MSG 1.0 sensors can be installed at schools, stadiums, concert halls, shopping centers and other entryways into private, public or secured buildings.

Xtract Operating Segment

In September 2019, the Company acquired artificial intelligence company Xtract, a highly talented team of AI experts, as part of an ongoing strategic initiative to bring together leading-edge technologies and services to enhance our PATSCAN platform. Xtract's development and deployment of artificial intelligence solutions are built upon an understanding of deep neural networks. Xtract has developed novel neural network architecture and fusion techniques that are more robust, efficient, and require lower memory than comparable standards. Xtract's video solutions use proprietary algorithms to apply human understanding to video and its analysis and have been successfully deployed for military, emergency service and environmental applications. Xtract's text solutions automate the digitization, parsing and understanding of large collections of text data, allowing users to address complex real-world challenges.

Critical to development and enhancement of our sensor technologies and the associated underlying platform software has been the direct involvement and contribution by the Xtract team in the data science and associated algorithmic development of the threat classification produced by the solution offerings. Leveraging data from various sensors in real time, the Company continues to fuse these sensor data streams into a comprehensive, holistic threat analysis assessment, the accuracy of which will supersede that of any of the sensors alone. The Company believes that these data science techniques, and the ongoing effort being expended in this regard, are key to the ongoing optimization in both improving the accuracy of the threat detection notifications whilst minimizing to the greatest degree possible the false positive rates generated by the system. These efforts will continue with the ingestion of more data from internal optimization efforts, the performance and functionality of the solutions in demo and pilot installation in real-world settings, and most importantly, based on the fully functional systems being utilized by real-world environments.

Market Opportunity

The global physical security market is expected to reach USD \$292 billion by 2025. Governments across different countries and regions are taking up smart city initiatives to enhance their infrastructure and are deploying improved security systems. Additionally, modernizing the existing infrastructure with robust security measures and strengthening the security of government agencies have been some of the top priorities for governments across developed countries. Organizations are increasingly concerned about employee safety and are hence setting up systems to prevent unauthorized access, further driving the demand for physical security solutions.

The video analytics market size was valued at \$4.10 billion in 2019, and is projected to reach \$20.80 billion by 2027, growing at a CAGR of 22.7% from 2020 to 2027. Used to help make surveillance operations more efficient, video analytics software comes in a variety of different formats and can be used to detect motion, read license plates, count people and assist with other real-world challenges. In the case of physical security and video monitoring, video analytics software is primarily used to detect crime, weapons detection and crowd disturbances. The adoption of cloud-based video analytics software will rise, allowing security companies to capitalize on all the benefits of video analytics completely remotely. Companies that adopt this form of software are opening their doors to a cost-effective solution which will benefit from constant updates and improvements via the cloud.

The Company has identified key market segments that are well suited for the Company's suite of threat detection technologies. The Company intends to market its products across a wide swath of industries, including but not limited to:

- Education and associated campus facilities
- Healthcare
- Public transportation
- Stadiums, concert arenas and nightclubs
- Hospitality and recreation
- Private sector offices, factories, and other facilities
- Public sector office buildings, court buildings and other secure facilities
- Retail locations
- Various law enforcement and detention facilities

The safety and security market remains a very competitive market with growing threats from both man-made tragedies along with natural, biological threats underpinning higher rates of growth in this market worldwide. The public health safety market is currently undergoing monumental changes on account of the COVID-19 pandemic, presenting immense opportunities to the Company and many others to support businesses, governments, and private citizens in resuming less restrictive routines. The Company will continue to focus on opportunities where it can provide technology-based solutions to assist in the resumption of less restrictive routines.

During the year ended July 31, 2020, the Company continued the strategic roll-out of its technologies with a select small group of resellers and early-adopter customers, aiming to

identify and understand the optimal deployment scenarios. The current deployments, trials and real world tests are creating the environment and conditions for the Company to deploy its platform technologies at scale, and the early contingent of reseller partners are benefiting from, and providing, significant support in these endeavors.

The Company is currently expanding its reseller base covering larger geographical territories and a wider representation of industries, and their respective end-user clientele. In furtherance of these initiatives, the Company is also commencing, in parallel, with a direct to end-user sales model which will more acutely address a certain subset of the addressable market. In fiscal 2021, we will engage in selected opportunities for collaboration, innovation, and business development relationships to accelerate our growth and expand our presence globally. We are actively pursuing opportunities to leverage new technologies, execute on new business opportunities and grow our client base while providing business value to our clients.

The Company is in the process of instituting a wide array of sales programs and pricing schemes in close coordination with early-adopter reseller and end-user customers to ensure that our solutions remain competitive and directly address customer needs.

Environmental Protection

There are no financial and operational effects of environmental requirements on the capital expenditures, profit or loss, and competitive position of the Company in the current financial year, and none is expected in future years.

Employees

As of July 31, 2020, the Company had 69 employees.

Risk Factors

An investment in our Common Shares involves significant risks. Investors should carefully consider the risks described below and the other information elsewhere in this Annual Information Form, including our Patriot financial statements and related MD&A. We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business and operations and cause the trading price of our Common Shares to decline. If any of the following risks or other risks occur, our business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of our Common Shares could decline, and investors may lose all or part of their investment in our Common Shares. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks. See “Forward-Looking Statements” at the beginning of this Annual Information Form for additional risks.

Risks Related to Our Business

Limited operating history

The limited operating history of the Company as a public company and its dependence on a market characterized by rapid technological change makes the prediction of future results of operations difficult or impossible. There can be no assurance that the Company can generate substantial revenue growth on a quarterly or annual basis, or that any revenue growth that is

achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. Also, the Company may increase its operating expenses to fund higher levels of research and development, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities and expand its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, results of operations, and financial condition would be materially adversely affected.

General risks relating to the COVID-19 pandemic

The Company is closely monitoring the impact of COVID-19 on all aspects of its business. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. In conducting our activities, the Company is exposed to operational and financial risk which can have adverse impacts on our industry and our business. COVID-19 has created unprecedented uncertainty in the global economy. The pandemic began to affect market demand early in the fourth quarter of Fiscal 2020 as border restrictions were implemented. It is difficult to accurately predict the duration or severity of the pandemic and it is extremely challenging for the Company to accurately estimate or quantify the magnitude of the pandemic's impact on our operations, financial condition, and strategic plan. Due to the unprecedented and ongoing nature of COVID-19 and the fact that the response to the pandemic is evolving in real-time and differs geographically from one region to another, estimates of the economic impacts of the COVID-19 pandemic remain inherently highly uncertain and speculative. Even after the COVID-19 pandemic is over, we may continue to experience material adverse effects on our business, financial condition, and strategic plans as a result of the continued disruption in the global economy and any resulting recession, the effects of which may persist beyond that time. The Company has been closely monitoring and actively implementing and updating our response to the evolving COVID-19 pandemic and its impacts on our employees, our operations, the global economy, and the demand for our products and services.

Health and safety risks relating to the COVID-19 pandemic

Since safety is one of our main priorities at the company, we have implemented mitigation measures to reduce the risk of potential COVID-19 outbreaks, including compelling most employees to work from home, where possible, and creating protocols, policies, and guidelines for employees, resellers, customers, and visitors. Despite our proactive response to COVID-19, a risk of potential outbreaks having an adverse effect on the Company still exists.

Reduction and suspension of operations during the COVID-19 pandemic

We cannot predict how long the restrictive measures will last or whether other measures will need to be implemented to contain the outbreak in any jurisdiction where the Company operates; however, these measures could have a material and adverse effect on our financial and operating performance. Delay in the production of our products and completion of the Company's services may require us to incur additional non-compensable costs, including overtime work, that are necessary to meet our clients' schedules. Due to various factors, a delay in the commencement or completion of a project may also result in penalties or sanctions under contracts or even the cancellation of some contracts. Additionally, some of our customers, including governments, educational institutions, and leisure and sports arenas around the world, could delay contract awards as they are dealing with the pandemic and cash conservation measures.

Global economy risk relating to the COVID-19 pandemic

As an emerging risk, the economic impact could be severe to global economies depending on the duration of the pandemic, the likelihood, and scope of any subsequent waves of COVID-19, and the continued measures put in place to contain the outbreak. Global financial markets have experienced and could continue to experience significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions and financial markets. However, the efficacy of the government and central bank interventions is uncertain. This uncertainty has already materialized with falling global GDP growth, causing a global financial market shock which has directly impacted our share price. Uncertainties related to and perceived or experienced negative effects from COVID-19 may continue to cause significant volatility or decline in the trading price of our securities, capital market conditions, and general economic conditions.

The Company has incurred net losses in the past and may incur losses in the future

The Company has a limited history of earnings and cash flow from operations. The Company may not generate material revenue or achieve self-sustaining operations in the next year. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

The Company has incurred losses since its inception and has an accumulated deficit of \$62,885,202 as of July 31, 2020. Patriot does not know if business operations will become profitable, and if so, when, or if the Company will continue to incur net losses beyond Fiscal 2020. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations concerning personnel, financial and other resources, and lack of revenues. The Company expects to incur significant expenses as it develops and expands its business, which will make it harder for the Company to achieve and maintain future profitability. The Company may incur significant losses in the future for several reasons, including the other risks described in this Annual Information Form, and the Company may encounter unforeseen expenses, difficulties, complications, delays, and other unknown events. Accordingly, the Company may not be able to achieve or maintain profitability.

Concealed weapons detection through novel technological approaches is a relatively new market and the rate of adoption and the Company's associated growth in anticipated markets may not be representative of rates of adoption or future growth in other markets

The Company is expected to derive a significant portion of its revenues in subsequent years from the commercial sale and implementation of its various current and future developed and/or acquired products and technology in the threat detection sector, a relatively new and rapidly evolving market. If this market fails to grow or grows slower than the Company currently anticipates, the Company's business would be negatively affected. To date, the Company has targeted markets that we believe are the most likely to adopt its technology. However, there is no assurance that the Company will be successful in these markets or will be able to expand beyond these markets.

Fluctuations in quarterly results may fail to meet the expectations of investors or security analysts which could cause the Company's share price to decline

The Company's quarterly operating results have in the past, and will in the future, fluctuate significantly, depending on factors such as the demand for the Company's products, the size and timing of orders, the number, timing and significance of new product announcements by the Company and its competitors, the ability of the Company to develop, introduce and market new

and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others. Fluctuations in our operating results may be due to several factors, including, but not limited to, those listed below:

- demand for and market acceptance of our products.
- the mix of applications, services, hardware and delivery method of our solution sold during a period.
- the quantum of professional services purchased by our customers.
- our ability to retain and increase sales to existing customers and attract new customers.
- the timing of product releases which determines when we can recognize the associated revenue.
- the timing and success of introductions of new solutions or upgrades by us or our competitors.
- the strength of the economy.
- changes in our pricing policies or those of our competitors.
- competition, including entry into the industry by new competitors and new offerings by existing and unforeseen competitors.
- the amount and timing of expenditures related to expanding our operations, research and development or launch of new solutions; and
- changes in the payment terms for our solutions.

Due to the foregoing factors, and the other risks discussed in this Annual Information Form, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

If the Company is unable to attract new customers or sell additional products to our existing customers, our revenue growth and profitability will be adversely affected

To increase our revenue and achieve profitability, we must continually add new customers or sell additional solutions to our existing customers, which we plan to do. Numerous factors, however, may impede our ability to add new customers and sell additional solutions to our existing customers, including our inability to convert qualified leads generated by our existing network into paying customers, failure to attract and effectively train new sales and marketing personnel, failure to retain and motivate our current sales and marketing personnel, failure to develop relationships with partners or resellers and/or failure to ensure the effectiveness of our marketing programs. Further, if prospective customers do not perceive our solutions to be of sufficiently high value and quality, we will not be able to attract the number and types of new customers that we are seeking.

A decline in the growth of demand for the Company's products would have a material adverse effect on our operating results and growth prospects

The sales potential of the Company's products and solutions is still at an early commercial stage. The ongoing and future demands for the Company's products and services, in existing and target industries, are yet to be fully established and are uncertain. There is a risk that the Company may not be able to obtain and maintain market share or that there is insufficient demand for the Company's products and services for revenue to be sustainable. The Company's future performance will be dependent on its ability to design, develop, manufacture, assemble, test, market and support its current products, as well as to continue developing new

products and enhancing its current products, in a timely and cost-effective manner on behalf of its customers.

The Company's existing contractual relationships give it confidence in its ability to achieve sales and maintain a customer base within its target industries, notwithstanding the risks outlined above. The Company has and will continue to, invest in new product development to expand its business within existing markets. The Company plans to utilize available funds to build on existing, and develop new, relationships in the industry. The Company also plans to prioritize its research and development efforts on technologies that offer attractive long-term growth opportunities and expanding its product portfolio.

The Company faces certain significant risk exposures and potential liabilities that may not be adequately covered by indemnity or insurance

A significant portion of the Company's business relates to providing weapon detection solutions to customers using innovative technology. These systems may fail to detect a weapon and fail to prevent a mass casualty event opening the Company up to significant liability. In some, but not all, circumstances, the Company may be entitled to indemnification from customers, either through contractual provisions, qualification of the Company's products and services by the Department of Homeland Security under the SAFETY Act provisions of the Homeland Security Act of 2002, or otherwise. The amount of the Company's insurance coverage maintained or indemnification to which the Company may be contractually or otherwise entitled may not be adequate to cover all claims or liabilities, and it is not possible to obtain insurance or indemnification coverage to protect against all operational risks and liabilities. Accordingly, the Company may be forced to bear substantial costs resulting from risks and uncertainties of our business which would negatively impact the Company's results of operations, financial condition, or liquidity.

Because many of Patriot's expenses will be fixed, the Company may not be able to limit its losses if the Company fails to achieve forecasted revenue

To further advance the commercialization of its technologies, the Company may be required to make significant investments in operations. If the Company's initial product adoptions are unsuccessful or the Company's business does not develop as quickly as anticipated, or if there is a lack of demand for the Company's products, the Company may be unable to offset these costs, and the Company's operating results may be adversely affected as a result of high operating expenses, reduced margins, underutilization of capacity and asset impairment charges. Moreover, the Company must rely largely on its market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition. The success of the Company further depends on the continued ability to attract, retain, and motivate highly qualified management, and scientific personnel and to develop and maintain important relationships with leading academic institutions, companies, and thought leaders.

Growth may place significant demands on the Company's management and the Company's resources

The Company expects to experience substantial growth in its business. This growth has placed and may continue to place significant demands on the Company's management and the Company's operational and financial resources. The Company may not be able to provide the scale of operation necessary to meet the demands associated with its growth. As the Company grows, the Company will need to implement new systems to help run the Company's operations. As the Company's operations grow in size, scope and complexity, the Company will need to continue to improve and upgrade the Company's systems and infrastructure to offer an increasing number of customers enhanced services, solutions, and features. The Company may choose to commit significant financial, operational, and technical resources in advance of an expected increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable service levels for existing and new customers, which could adversely affect the Company's reputation and business.

Also, the Company's operating results may not meet the expectations of investors or public market analysts who follow the Company.

Managing the Company's growth will require significant expenditures and allocation of valuable management resources, and the failure to do so appropriately may harm the Company's business, operating results, and financial condition.

Future acquisitions could disrupt the Company's business and harm the Company's financial condition and operating results

The Company's success will depend, in part, on the Company's ability to expand the markets for its product and services and grow the Company's business in response to changing technologies, customer needs, and competitive pressures. The Company may seek to grow the Company's business by acquiring complementary businesses, solutions, or technologies. The identification of suitable acquisition candidates can be difficult, time consuming and costly, and the Company may not be able to complete identified acquisitions. Further, the Company may not be able to successfully assimilate and integrate the business, technologies, solutions, personnel, and/or operations of any company the Company acquires. Acquisitions may also involve the entry into geographic or business markets in which the Company has little or no prior experience. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or the Company may be exposed to unknown liabilities. For one or more of those transactions, the Company may, among other things:

- issue additional equity securities that would dilute the holders of Common Shares;

- use cash that the Company may need in the future to operate its business;
- incur debt on terms unfavorable to the Company or that the Company is unable to repay;
- incur large charges or expenses or assume substantial liabilities;
- amortize or write down the investment in related to goodwill and other intangible assets;
- encounter difficulties retaining key employees of the acquired companies or integrating diverse software codes or business cultures; and
- become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges.

Any of these risks could harm the Company's business and operating results.

The impact of worldwide economic conditions, including the effect on target market spending, may adversely affect the Company's business, operating results, and financial condition

The Company's anticipated performance will be subject to worldwide economic conditions, such as unemployment levels, interest rates, or inflation rates, each of which influence, among other things, consumer trends and the levels of government and private sector security spending.

The Company expects several external factors to cause the Company's operating results to fluctuate from quarter to quarter, which may make it difficult to predict the Company's future performance.

The Company's revenues, if any, and operating results could vary significantly from quarter to quarter due to a variety of factors, many of which are outside of the Company's control. As a result, comparing the Company's operating results on a period-to-period basis may not be meaningful. In addition to other risk factors discussed in this section, factors that may contribute to the variability of the Company's quarterly results include:

- the impact of worldwide economic conditions and their impact on levels of security and defense spending;
- certain fixed costs inherent in the Company's business, which limit the Company's ability to adjust for period-to-period changes in demand;
- system interruptions that impair access to the Company's customers, key vendors or communication with the Company's technology and any related impact on the Company's reputation;
- changes in market demand for the Company's products and services hindering the Company's ability to forecast revenues accurately and appropriately plan the Company's expenses; and
- the impact of fluctuations in currency exchange rates, to the extent that the Company sources material or labor from outside of Canada, sells its products outside of Canada or operates outside of Canada.

If the security of customers' confidential information stored in the Company's systems is breached or otherwise subjected to unauthorized access, the Company's reputation or brand may be harmed and the Company may be exposed to liability and a loss of customers

It is expected that the Company's system will store, process, and transmit certain confidential information of its customers. Presently, the Company plans to outsource the storing, processing, and transmission of certain information to a third-party service provider. It is expected that the Company will rely on encryption, authentication, and other technologies licensed from third

parties, as well as administrative and physical safeguards, to secure such confidential information. Any compromise of the Company's security or the security of its third-party service providers could damage the Company's reputation and brand and expose the Company to the risk of loss, costly litigation, and liability that would substantially harm the Company's business and operating results. The Company and the Company's third-party data center facilities may not adequately assess the internal and external risks posed to the security of the Company's systems and information and may not implement adequate preventative safeguards or take adequate reactionary measures in the event of a security incident. Also, many jurisdictions have enacted laws requiring companies to notify individuals and often government authorities of data security breaches involving their data. These mandatory disclosures regarding a security breach often lead to widespread negative publicity, which may cause the Company's prospective customers to lose confidence in the effectiveness of the Company's data security measures. Any security breach, whether successful or not, would harm the Company's reputation and brand and may result in the loss of customers and or subject the Company to liabilities.

Failure to comply with various applicable laws, including the collection of sales or related taxes, could harm the Company's results of operations and financial condition

The Company's business will be subject to various local, provincial, and federal tax payment and collection requirements. The amounts that the Company is expected to be required to pay or collect may change as the Company's business develops and expands. As a result, the Company will need to continually ensure proper taxes are paid or collected and remitted to the appropriate tax agencies. If the Company does not collect the appropriate taxes from its customers, the Company may need to pay more than what it has collected. Also, the Company may be audited by various agencies to ensure compliance with tax collection requirements. Such audits could result in additional sales or other tax collection obligations on the Company which the Company may not be able to recover from its customers. Such obligations could have a material adverse impact on the Company's future operating results.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information

The Company expects to partially rely on patent protection to protect its proprietary technologies; however, the Company's competitive advantage will rely to a certain extent on owned and developed trade secrets. Patriot has devoted substantial resources to the development of its proprietary technology and related processes. To protect the Company's proprietary technology and processes, the Company intends to rely in significant part on confidentiality and invention assignment agreements with the Company's employees, licensees, independent contractors, and other advisors. These agreements may not effectively prevent disclosure of confidential information, may not deter independent third-party development of similar technologies, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information or misappropriation of the Company's technology. Also, others may independently discover trade secrets and proprietary information, and in such cases, the Company would not be able to assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect the Company's competitive business position.

Failure to adequately protect the Company's intellectual property could substantially harm the Company's business and operating results

As the Company's business depends substantially on the Company's intellectual property, the Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to the success of the Company's business. To protect its investments and the

Company's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements, and other contractual arrangements with its employees, customers, strategic partners, acquisition targets and others to protect proprietary rights. These measures afford only limited protection for the Company. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's technology's features, software, and functionality or obtain and use information that the Company considers proprietary. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. Moreover, policing the Company's proprietary rights is difficult and may not always be effective. In particular, the Company may need to enforce the Company's rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of Canada. Further, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Litigation or proceedings before governmental authorities and administrative bodies in the United States, Canada, and abroad may be necessary for the future to enforce the Company's intellectual property rights, to protect the Company's patent rights, trade secrets, trademarks, and domain names and to determine the validity and scope of the proprietary rights of others. The Company's efforts to enforce or protect the Company's proprietary rights may be ineffective and could result in substantial costs and diversion of resources and could substantially harm the Company's operating results.

The Company will rely on trade secrets to protect technology where it does not believe patent protection is appropriate or obtainable. Trade secrets are difficult to protect. While commercially reasonable efforts to protect trade secrets will be used, strategic partners, employees, consultants, contractors, or scientific and other advisors may unintentionally or willfully disclose information to competitors. If the Company is not able to defend patents or trade secrets, then it will not be able to exclude competitors from developing or marketing competing products, and the Company may not generate enough revenue from product sales to justify the development cost of products or achieve or maintain profitability.

The Company's exposure to risks associated with the use of intellectual property may increase as a result of acquisitions, as the Company has a lower level of visibility into the development process concerning acquired technology or the care taken to safeguard against infringement risks.

Third parties may make infringement and similar or related claims after the Company has acquired technology that had not been asserted before the Company's acquisition. Patriot is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe upon their intellectual property. While it is the practice of Patriot to undertake pre-filing searches and analyses of developing technologies, the Company cannot guarantee that it has identified every patent or patent application that may be relevant to the research, development, or commercialization of its products. Moreover, the Company cannot assure that third parties will not assert valid, erroneous, or frivolous patent infringement claims.

The Company's failure to raise additional capital necessary to expand the Company's operations and invest in the Company's business could reduce the Company's ability to compete successfully

The Company may require additional capital in the future to support on-going operations, to undertake capital expenditures, or to undertake acquisitions or other business combination transactions. Due to the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. To become and remain competitive, the Company requires research and development, marketing, sales, and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of the Company. The Company may not be able to obtain debt or additional equity financing on favorable terms, if at all. If the Company raises additional equity financing, the shareholders of the Company may experience significant dilution of their ownership interests, and the per share value of the Common Shares could decline. Moreover, any new equity securities the Company issues could have rights, preferences, and privileges senior to those of holders of Common Shares. If the Company engages in debt financing, the Company may be required to accept terms that restrict its ability to incur additional indebtedness and force it to maintain specified liquidity or other ratios. If the Company needs additional capital and cannot raise or otherwise obtain it on acceptable terms, it may not be able to, among other things:

- develop or introduce service enhancements to customers;
- continue to expand or maintain the Company's development, sales and marketing, and general and administrative functions;
- acquire complementary technologies or businesses;
- expand the Company's operations;
- hire, train and retain employees; or
- respond to competitive pressures or unanticipated working capital requirements.

The Company will depend on key and highly skilled personnel to operate its business and if the Company is unable to retain its current personnel or hire additional personnel, the Company's ability to develop and successfully market its business could be harmed

The Company believes its future success will depend in large part upon the Company's ability to attract and retain highly skilled managerial, technical, finance, and sales and marketing personnel. The Company plans to expand its workforce domestically and, if applicable, internationally as the Company grows its business. The Company expects to compete in the market for personnel against numerous companies, including larger, more established competitors that have significantly greater financial resources than the Company and which may be in a better financial position to offer higher compensation packages to attract and retain human capital. The Company cannot be certain that it will be successful in attracting and retaining the skilled personnel necessary to operate its business effectively in the future.

Moreover, the Company believes that its future success is highly dependent on the contributions of Patriot's executive team. Patriot's key employees possess specialized knowledge of the Company's business and industry and would be extremely difficult to replace. Also, the loss of any key employee or the inability to attract or retain qualified personnel could harm the market's perception of the Company and the Company's brand. Qualified individuals are in high demand, and the Company may incur significant costs to attract them. The Company may be unable to attract and retain suitably qualified individuals who can meet its growing operational and

managerial requirements or may be required to pay increased compensation to do so. While employment agreements will be used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. If the Company is unable to attract and retain the qualified personnel it will need to succeed, its business will suffer. Any loss of the services of such individuals or relationships could have a material adverse effect on the Company's business, operating results, or financial condition.

CEO and leadership transition impact on the business

The Company's current Chief Executive Officer ("CEO"), Martin Cronin has announced that he will be stepping down from his position. The Board is actively searching for a replacement for the CEO and leadership role. The loss of the services and industry knowledge of Martin Cronin could have a material adverse effect on the Company's business. Prolonged transition and failure to attract the right candidate for the position promptly could also affect and delay the Company's strategic planning and may adversely affect the Company. Further, the individual chosen as the new CEO could fail to execute a successful business plan which could be detrimental to the Company's success.

The Company's business may require permits and licenses

In addition to those discussed above, the operations of the Company and its products require licenses, certifications, and permits from various governmental and regulatory authorities. There can be no assurance that such licenses and permits will be granted, maintained, or renewed. Any failure to obtain, maintain or renew any of the licenses and permits required by the Company or any of its subsidiaries could have a material adverse effect on the Company's business, operating results, or financial condition.

The Company's business is subject to regulatory changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company's prospects must be considered considering the risks, expenses, shifts, changes, and difficulties frequently encountered with companies whose businesses are regulated by various federal, state, provincial and local governments. Active threat detection technology and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever-changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the Company's business.

High competition in the industry

There is a high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company. Competitive pressures created by any one of the Company's competitors could have a material adverse effect on the Company's business, results of operations, and financial condition. New technologies and the expansion of existing technologies may increase the competitive pressures on the Company by enabling the Company's competitors to offer a lower-cost product.

Risks associated with brand development of the Company

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high-quality services. To promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

The Company's business is subject to rapid technological change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the active threat detection business. The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent service and product announcements, introductions and enhancements, and changing customer demands. As a result, an investment in the securities of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment.

The Company's business is subject to the risks of earthquakes, fires, floods, and other natural catastrophic events and interruption by manmade problems such as computer viruses and terrorism

The Company's systems and operations are vulnerable to damage or interruption from earthquakes, volcanoes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins, and similar events. For example, a significant natural disaster, such as an earthquake, fire, or flood, could have a material adverse impact on the Company's business, operating results, and financial condition, and the Company's insurance coverage may be insufficient to compensate the Company for losses that may occur. The Company's servers may also be vulnerable to computer viruses, break-ins, and similar disruptions from unauthorized tampering with the Company's computer systems, which could lead to interruptions, delays, loss of critical data, or the unauthorized disclosure of confidential data. The Company may not have sufficient protection or recovery plans in certain circumstances and the Company's business interruption insurance (as and if carried by the Company) may be insufficient to compensate the Company for losses that may occur. As the Company expects to rely heavily on its servers, computer and communications systems, and the Internet to conduct the Company's business and provide high-quality customer experience, such disruptions could negatively impact the Company's ability to run the Company's business, which could have an adverse effect on the Company's operating results.

Further, the business of the Company may not be insurable, or the insurance may not be purchased due to the high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the Company.

Future share issuances may affect the market price of the Common Shares

To finance future operations, the Company may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. Patriot cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares.

Risks associated with international operations of the Company

A component of the Company's strategy is to expand internationally. Expansion into international markets will require management's attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent that the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations, and financial condition.

Issuance of debt

From time to time the Company may finance acquisitions, expansions, or operations partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's constating documents do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise, or at all. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to prevailing industry conditions and other factors, many of which are beyond the control of the Company.

Dividends

The Company does not expect to pay any cash dividends in the future in favor of utilizing cash to support the development of its business. Any future determination relating to the Company's dividend policy will be made at the discretion of the Company's Board and will depend on several factors, including future operating results, capital requirements, financial condition, and the terms of any credit facility or other financing arrangements the Company may obtain or enter into, prospects and other factors the Company's Board may deem relevant at the time such payment is considered. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on their investment in the Common Shares in the foreseeable future.

Difficulty in forecasting

The Company must rely largely on its market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change, or other factors could have a material adverse effect on the business, results of operations, and financial condition of the Company.

Global economy risk

Access to financing has been negatively impacted by the ongoing global economic risks and geopolitical instability. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where its cash position is unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans or other credit facilities in the future and on terms favorable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could harm the Company's operations and the trading price of the Company's securities.

Litigation

The Company may become a party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's common shares. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

The commercial success of the Company will depend in part on not infringing upon the patents and proprietary rights of other parties and enforcing its patents and proprietary rights against others. The Company's research and development programs will be in highly competitive fields in which numerous third parties have issued patents and pending patent applications with claims closely related to the subject matter of the Company's programs. The Company is not currently aware of any litigation or other proceedings or claims by third parties that its technologies or methods infringe on their intellectual property.

Risks associated with acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services, or products that the Company believes are strategic. The Company currently has no understandings, commitments, or agreements concerning any other material acquisition and no other material acquisition is currently being pursued.

There can be no assurance that the Company will be able to identify, negotiate, or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service, or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for the ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations, and financial condition. Any such future acquisitions of other businesses, technologies, services, or products might require the Company to obtain additional

equity or debt financing, which might not be available on terms favorable to the Company, or at all, and such financing, if available, might be dilutive.

Economic environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's future sales and profitability.

Financial risk exposures

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

The Company may alter its proposed use of current and future available funds

Patriot has used and intends to use its available capital to further the advance its business and for general working capital. Although these allocations are based on the current expectations of management of Patriot, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of the Company, and there can be no assurance as of the date hereof as to how those funds may be reallocated.

Going-concern risk

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and/or the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving or maintaining profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

DIVIDENDS AND DISTRIBUTIONS

The Company has not paid dividends to its shareholders to date and does not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's current policy is to retain cash flows to finance the development and enhancement of its products and to otherwise invest in the Company's business.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

As of the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares, of which 150,728,622 Common Shares are issued and outstanding. Shareholders are entitled to receive notice of, attend, and vote at any meeting of the Shareholders, and to cast one vote for each Common Share held on the applicable record date

in respect of any matter put to vote at such a meeting. Shareholders are entitled to receive dividends if, as and when declared by the Board. Shareholders are entitled to share equally in the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company.

Warrants

As of the date hereof, there are 30,959,050 warrants to purchase Common Shares ("**Warrants**") issued and outstanding as outlined below.

Number of Warrants	Exercise Price	Expiry Date
4,796,150	\$ 1.70	31-Oct-20
150,000	\$ 1.00	18-Nov-20
1,288,000	\$ 2.50	21-Nov-20
18,400,000	\$ 3.25	21-Nov-20
6,324,900	\$ 2.40	16-Feb-21
<u>30,959,050</u>		

Omnibus Incentive Plan

The Company has an omnibus incentive plan (the "**Omnibus Incentive Plan**") pursuant to which up to a maximum of 10% of the issued and outstanding Common Shares may be reserved for issuance pursuant to the exercise of Stock Options. On November 5, 2019, shareholders approved the Omnibus Incentive Plan. As of the date herein, the maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan is 15,072,862.

As of the date herein, there are a total of 10,128,631 Stock Options issued and outstanding. Stock Options are exercisable by the holders thereof to acquire Common Shares at a future date. The terms and conditions attached to the Stock Option grants are determined by the Board, in its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Stock Option grants, including the individuals who will receive the Stock Option grants, the number of Stock Options subject to each grant, the exercise price of the Stock Options, the limitations or restrictions on vesting of Stock Options, acceleration of vesting of Stock Options, the form of consideration payable on settlement of Stock Options and the timing of the Stock Options grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

During the year ended July 31, 2020, the Company granted Stock Options as follows:

<u>Date of Grant</u>	<u>Number of Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
22-Aug-19	75,000	\$ 1.78	22-Aug-24
01-Sep-19	200,000	\$ 1.80	01-Sep-23
09-Sep-19	70,000	\$ 1.79	06-Sep-24
15-Oct-19	50,000	\$ 1.43	15-Oct-24
29-Oct-19	50,000	\$ 1.88	29-Oct-24
12-Nov-19	100,000	\$ 1.47	12-Nov-24
09-Dec-19	37,000	\$ 1.46	09-Dec-24
23-Dec-19	795,000	\$ 1.21	23-Dec-24
01-Jan-20	250,000	\$ 1.29	01-Jan-23
20-Jan-20	130,963	\$ 1.31	20-Jan-25
21-Jan-20	80,000	\$ 1.37	21-Jan-25
07-Feb-20	600,000	\$ 1.49	07-Feb-25
07-Feb-20	300,000	\$ 1.49	07-Feb-23
13-Apr-20	705,000	\$ 0.76	13-Apr-25
11-May-20	145,000	\$ 0.69	11-May-25
09-Jun-20	125,000	\$ 1.16	09-Jun-25
	<u>3,712,963</u>		

The Company's Omnibus Incentive Plan allows the Board to grant deferred share units ("**Deferred Share Units**") to directors or any other individual at its sole discretion. As of the date herein, there are no Deferred Share Units issued and outstanding. Deferred Share Units are redeemable for one fully paid Common Share at a specified future date. The terms and conditions attached to the Deferred Share Unit grants are determined by the Board, in its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Deferred Share Unit grants, including the individuals who will receive the Deferred Share Unit grants, the number of Deferred Share Units subject to each grant, the redemption date of the grant and the timing of the Deferred Share Unit grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

During the year ended July 31, 2020, the Company did not grant any Deferred Share Units.

The Company's Omnibus Incentive Plan allows the Board to grant restricted share units ("**Restricted Share Units**") to directors or any other individual at its sole discretion. As of the date herein, there are no Restricted Share Units issued and outstanding. Restricted Share Units are redeemable for one fully paid Common Share but subject to certain restrictions. The terms and conditions attached to the Restricted Share Unit grants are determined by the Board, in its sole discretion. The Board has the power and discretionary authority to determine the terms and conditions of the Restricted Share Unit grants, including the individuals who will receive the Restricted Share Unit grants, the number of Restricted Share Units subject to each grant, the restrictions placed on the Restricted Share Units, the vesting terms applicable to the grant of the Restricted Share Unit and the timing of the Restricted Share Unit grants. The Board also has the power to establish procedures for payment of withholding tax obligations with cash.

During the year ended July 31, 2020, the Company did not grant any Restricted Share Units.

Trading Price and Volume

The Company's Common Shares are listed and posted for trading on the TSX under the symbol "PAT" and "PTOTF" on the OTCQX in the United States. On October 14, 2020, the closing price of the Common Shares on the TSX was \$0.67.

The following table sets out the high and low closing share prices and the aggregate volume of trading of the Company's Common Shares on the TSX for the most recently completed financial year.

Period	High(\$)	Low(\$)	Volume
August 2019	2.04	1.71	7,100,100
September 2019	1.86	1.38	7,264,500
October 2019	1.90	1.26	12,396,100
November 2019	1.65	1.38	5,875,800
December 2019	1.62	1.12	8,905,200
January 2020	1.61	1.19	7,371,500
February 2020	1.59	1.02	6,476,800
March 2020	1.21	0.51	12,143,300
April 2020	0.82	0.68	5,309,700
May 2020	1.42	0.55	12,182,500
June 2020	1.30	0.93	7,114,400
July 2020	1.30	0.87	6,792,400

The Company had a class of Warrants listed and posted for trading on the TSX under the symbol "PAT.WT". The following table sets out the high and low closing prices and the aggregate volume of trading of the PAT.WT Warrants on the TSX for the most recently completed financial year.

Period	High (\$)	Low (\$)	Volume
August 2019	0.75	0.56	155,000
September 2019	0.75	0.33	152,000
October 2019	0.89	0.32	132,000
November 2019	0.58	0.42	47,000
December 2019	0.44	0.36	29,000
January 2020	0.45	0.23	39,000
February 2020	0.45	0.11	83,000
March 2020	0.15	0.01	217,000
April 2020	0.06	0.03	105,000
May 2020	0.20	0.015	361,000
June 2020	0.22	0.025	202,000
July 2020 ¹	0.08	0.01	662,000

Notes:

- (1) The class of Warrants listed as PAT.WT expired on July 13, 2020, and therefore ceased trading on the TSX.

The Company has a class of Warrants listed and posted for trading on the TSX under the symbol "PAT.WT.A". On October 14, 2020, the closing price of the PAT.WT.A Warrants on the TSX was \$0.01. The following table sets out the high and low closing prices and the aggregate volume of trading of the PAT.WT.A Warrants on the TSX for the most recently completed financial year.

Period	High (\$)	Low (\$)	Volume
August 2019	0.60	0.35	115,000
September 2019	0.46	0.20	276,000
October 2019	0.60	0.19	439,000
November 2019	0.42	0.31	128,000
December 2019	0.355	0.19	152,000
January 2020	0.50	0.20	184,000
February 2020	0.42	0.145	75,000
March 2020	0.22	0.01	378,000
April 2020	0.08	0.03	188,000
May 2020	0.22	0.03	242,000
June 2020	0.21	0.045	169,000
July 2020	0.11	0.055	130,000

The Company has a class of Warrants listed and posted for trading on the TSX under the symbol "PAT.WT.B". On October 14, 2020, the closing price of the PAT.WT.B Warrants on the TSX was \$0.07. The following table sets out the high and low closing prices and the aggregate volume of trading of the PAT.WT.B Warrants on the TSX for the most recently completed financial year.

Date	High (\$)	Low (\$)	Volume
August 2019	0.51	0.40	111,000
September 2019	0.46	0.22	239,000
October 2019	0.72	0.165	393,000
November 2019	0.53	0.42	11,000
December 2019	0.40	0.25	28,000
January 2020	0.48	0.25	33,000
February 2020	0.45	0.125	557,000
March 2020	0.185	0.05	190,000
April 2020	0.07	0.035	314,000
May 2020	0.18	0.03	354,000
June 2020	0.14	0.065	166,000
July 2020	0.095	0.055	81,000

The Company has a class of Warrants listed and posted for trading on the TSX under the symbol "PAT.WT.C". On October 14, 2020, the closing price of the PAT.WT.C Warrants on the TSX was \$0.005. The following table sets out the high and low closing prices and the aggregate volume of trading of the PAT.WT.C Warrants TSX for the most recently completed financial year.

Period	High (\$)	Low (\$)	Volume
August 2019	0.18	0.13	513,000
September 2019	0.175	0.06	3,325,000
October 2019	0.29	0.055	2,706,000
November 2019	0.165	0.12	188,000
December 2019	0.13	0.065	401,000
January 2020	0.145	0.07	305,000
February 2020	0.13	0.04	1,550,000
March 2020	0.055	0.01	800,000
April 2020	0.02	0.01	785,000
May 2020	0.05	0.01	742,000
June 2020	0.045	0.025	404,000
July 2020	0.03	0.01	135,000

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The table below lists the number of securities held in escrow to the Company's knowledge, or that are subject to a contractual restriction on transfer and the percentage that number represents of the outstanding securities of that class as at July 31, 2020.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	Nil	Nil
Stock Options	Nil	Nil
Warrants	Nil	Nil

DIRECTORS AND OFFICERS

Directors

The following table sets out, as at the date hereof, for each of our directors, the person's name, province or state, and country of residence, position(s) with us, the date on which he became a director, his principal occupation and previously held positions for the last five years. Our directors are expected to hold office until our next annual meeting of shareholders. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name and province or state and country of residence	Position with the Company	Director since	Principal occupation for the past five years ⁽¹⁾	Number and % of Common Shares held in the Company
Martin Cronin ⁽⁶⁾ British Columbia, Canada	CEO and Director	November 9, 2016	See the detailed description below.	484,650 (0.32%)
John Gillies ⁽³⁾⁽⁴⁾⁽⁵⁾ British Columbia, Canada	Independent Director	May 30, 2017	See the detailed description below.	150,000 (0.09%)
Peter van der Gracht ⁽³⁾⁽⁶⁾ British Columbia, Canada	Independent Director and Chairman of Board	July 10, 2018	See the detailed description below.	77,000 (0.05%)
Victoria Calvert ⁽⁴⁾⁽⁵⁾ Alberta, Canada	Independent Director	May 29, 2019	See the detailed description below.	4,000 (0.002%)
Bill Maginas ⁽⁴⁾⁽⁶⁾ Ontario, Canada	Independent Director	January 1, 2020	See the detailed description below.	Nil
Lea M Ray ⁽³⁾⁽⁵⁾ Ontario, Canada	Independent Director	February 7, 2020	See the detailed description below.	Nil

Notes:

- (1) Information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Chair of the Board of Directors.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation and Human Resource Committee.
- (5) Member of the Governance and Nominating Committee
- (6) Member of the Technology Review Committee

Executive Officers

The following table sets out, as at the date hereof, for each of our officers not noted above, the person's name, province or state, and country of residence and position(s) with us.

Name and province or state and country of residence	The position with the Company	Executive since	Principal occupation for the past five years	Number and % of Common Shares held in the Company
Dietmar Wennemer Ontario, Canada	President and Chief Operating Officer	April 13, 2020	See the detailed description below.	Nil
Karen Hersh Ontario, Canada	Chief Financial Officer and Corporate Secretary	August 10, 2020	See the detailed description below.	Nil

Biographies

The following are brief profiles of the current directors and executive officers of the Company, including a description of their principal occupation within the past five years.

Directors

Martin Cronin, Director and Chief Executive Officer

Mr. Cronin is an expert in the areas of counterterrorism, conflict resolution, and government/corporate interface. He has extensive experience in high-intensity conflict environments and has 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. His career includes over twenty years of experience in the field of international diplomacy with the British Government, including postings in Yemen, Jordan, Sweden, Pakistan, and Iraq. Mr. Cronin is also the 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.

Peter van der Gracht, Director

Mr. van der Gracht is a successful start-up veteran, with over thirty years of experience leading companies through multiple financings, operational buildouts, acquisitions, mergers, and buy-outs. Peter has in the past or is currently, chairman, director, consultant, or investor of over twenty for-profit organizations. Mr. van der Gracht supports the following not-for-profit organizations: Entrepreneurship@UBC, a University of British Columbia seed-stage investment fund and program; and Alacrity Foundation, a not-for-profit start-up foundation. In the past, Mr. van der Gracht supported two federal government initiatives, whereby he was a member of the Science, Technology, and Innovation Council, and a Global Industry Advisor for Global Affairs Canada. Mr. van der Gracht holds a master's degree in electrical engineering from the University of British Columbia and is the recipient of multiple awards for entrepreneurship.

John Gillies, Director

Mr. Gillies brings over 33 years of federal government experience, principally within the national and international security and intelligence environment. Mr. Gillies served as an Assistant Director with the Canadian Security Intelligence Service (CSIS) and as a member of the CSIS Senior Executive Committee. Past duties within CSIS include extensive experience in both counterintelligence and counter-terrorism sectors in a variety of roles including as Director-General, Counter-Terrorism Division, and Director General, BC Region during the 2010 Winter Olympic Games. During his tenure as the Chief Human Resources Officer (CHRO) for CSIS, Mr. Gillies also served as a member of the Board of Governors for Canada's 10 Most Admired Corporate Cultures; sat as a Board member for the National Capital CHRO Forum; and served as a member of the Conference Board of Canada's Strategic Human Resource Management Council. Before joining the Canadian Security Intelligence Service, Mr. Gillies served as a police officer in the Royal Canadian Mounted Police (RCMP) which included service within the Drug Enforcement Section. He is a graduate of the University of Victoria and currently resides in the Lower Mainland of British Columbia.

Victoria Calvert, Director

Victoria Calvert has served on public, crown, and not-for-profit boards for over two decades. Before becoming a professor, Ms. Calvert was engaged in corporate banking and corporate planning in the energy industry. As a full professor of Entrepreneurship and International Business at Mount Royal University (MRU), Ms. Calvert was active in research of entrepreneurship and community engagement and was instrumental in developing the Community Service-Learning program for MRU creating university-community partnerships across Canada. Ms. Calvert has maintained a consulting practice since 1982 focusing on strategic growth through competitive positioning and alignment of organizational capacities to emergent opportunities. Ms. Calvert has been a member of the Board of Directors of AltaGas Ltd. since 2015.

Bill Maginas, Director

As the former President of Johnson Controls Canada, William (Bill) Maginas brings a great deal of industry expertise to Patriot One's Board of Directors. Bill is an accomplished Senior Executive and Thought Leader, who has more than 20 years of success across the commercial building, construction, technology, security, energy, and environmental solutions industries. His broad areas of expertise include business process improvement, change management, growth, and strategy. Throughout his career, Bill has held various leadership positions with Johnson Controls and Honeywell. Mr. Maginas is currently the Chair of the Company's Product Commercialization Sub-Committee.

Lea M. Ray, Director

Lea Ray is a certified director (ICD.D) of the Institute of Corporate Directors and is a Chartered Professional Accountant. She holds a Bachelor of Commerce Degree from the Odette School of Business, University of Windsor. Lea has served as the Chairman, Vice-chairman, Lead Independent Director and Audit Committee Chair on a variety of publicly listed (TSX), public sector and non-profit entities. She is a former executive, Vice-President Corporate Finance, of Warner Bros. Entertainment Canada Inc. and former member of the Professional Conduct Committee of the Chartered Professional Accountants (Ontario). Ms. Ray is currently the Chair of the Company's Audit Committee.

Executive Officers

Dietmar Wennemer, President and Chief Operating Officer

Mr. Wennemer is a Career veteran in the technology, communications, and security sectors. Recently served as Chief Product Officer/VP Ops & Engineering/VP UAV for Aeryon Labs Inc. unmanned aerial systems group at FLIR Systems Inc. (NASDAQ: FLIR). Previously led product development as COO at Center ID introducing CenterCard™ a Visa® Business Debit Card and led product development efforts with TouchStone ID, BlackBerry, Research in Motion & Siemens.

Karen Hersh, Chief Financial Officer, and Corporate Secretary

Ms. Hersh has experience across a broad spectrum of finance activities including financial reporting, strategic planning and corporate finance, including mergers and acquisitions. She has held several senior leadership roles, most recently as the CFO for a global private equity company focused on cybersecurity technologies where she was responsible for mergers and acquisitions, financial reporting, and portfolio management. Prior to this role, Ms. Hersh held the positions of CFO at VIQ Solutions Inc. (TSXV:VQS) and Vice President of Corporate Finance & Investment Banking at PricewaterhouseCoopers LLP. Ms. Hersh holds a Bachelor of Commerce from McGill University and is a Chartered Professional Accountant (CPA, CA).

Audit Committee

The Audit Committee of the Board is a committee established to oversee the accounting and financial reporting processes of the Company and the annual external audit of the financial statements. All members of the Audit Committee are independent, financially literate and have accounting or related financial expertise based on criteria in accordance with NI 52-110. The mandate and responsibilities of the Audit Committee can also be found on the Company's website at <https://patriot1tech.com/about/governance/> and on SEDAR at www.sedar.com. The Audit Committee is composed entirely of independent directors (in accordance with National Instrument 52-110 Audit Committees). The current members of the Audit Committee are Lea M. Rae, John Gillies, and Peter van der Gracht.

CEO Leadership and Succession Planning

The Board ensures that the Company has proper plans in place for an orderly succession of management

On August 18, 2020, the Company announced that Martin Cronin, the Company's CEO, will be stepping down from his current position as CEO. Having overseen the successful rollout of the PATSCAN™ Multi-Sensor Threat Detection Platform and the commencement of initial sales of the product, Mr. Cronin will remain CEO and a Board Member until his replacement has been found. The Company has initiated its search for a new CEO with sales and business development experience as the Company moves from the start-up phase to full-scale sales operations.

On April 13, 2020, Patriot announced the hiring of technology industry veteran Dietmar Wennemer as the Company's new Chief Operating Officer (COO) and President. Mr. Wennemer is responsible for leading the product development and operational effort.

On August 10, 2020, the Company appointed Karen Hersh as its Chief Financial Officer ("CFO") and Corporate Secretary. Ms. Hersh's hands-on CFO experience in financial planning and reporting, corporate governance, business development, and operations for start-up and

growth-stage technology companies will be leverage for overseeing all financial aspects of the Company while supporting the Board. Her experience will also be instrumental in the commercial deployment of the Company's PATSCAN Platform, corporate development initiatives and capital markets. Mike Barnsley, the previous CFO, will support her transition into the role before retiring.

Cease Trade Orders and Bankruptcies

None of our directors or executive officers is, as at the date of this Annual Information Form, or has been within ten (10) years before the date of this Annual Information Form, a director, chief executive officer, or chief financial officer of any company (including us) that, while that person was acting in that capacity, or after that person ceased to act in such capacity but resulting from an event that occurred while that person was acting in such capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemption under securities legislation in each case for more than 30 consecutive days.

None of our directors, or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company (i) is as at the date of this Annual Information Form, or has been within ten (10) years before the date of this Annual Information Form, a director or executive officer of any company (including us) that, while that person was acting in that capacity, or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within ten (10) years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

Penalties or Sanctions

None of our directors or executive officers, or to our knowledge, our shareholders holding a sufficient number of securities to affect materially the control of our Company, has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best of our knowledge, there are no known existing or potential conflicts of interest between us and our directors, executive officers, or other members of management as a result of their outside business interests as at the date of this Annual Information Form. However, as certain of our directors and officers also serve as directors and officers of other companies, a conflict of interest may arise between their duties to us and their duties to such other companies.

EXECUTIVE COMPENSATION

Information regarding directors' and officers' remuneration is contained in the Company's Information Circular dated September 27, 2019, for its annual general meeting of security holders to be held on November 5, 2019, which will involve the election of directors.

PROMOTERS

No person will be or has been within the two (2) most recently completed financial years or during the current financial year, a promoter of Patriot.

APPOINTMENT OF AUDITOR

The external auditors of Patriot are Davidson & Company LLP, located at 609 Granville St. #1200, Vancouver, B.C. V7Y 1G6.

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice, and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its external auditors, Davidson & Company LLP, for services rendered to the Company in each of the last two fiscal years, by category, are as follows:

Fiscal Year Ending	Audit Fees	Audit-related Fees	Tax Fees	All Other Fees	Total
July 31, 2020	\$90,000	\$4,556	Nil	\$59,650	\$154,206
July 31, 2019	\$75,915	\$3,018	\$12,750	Nil	\$91,683

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company may be subject to certain contingent liabilities with respect to existing or potential claims, lawsuits, and other proceedings, including those involving tax, labour lawsuits and other matters. The Company will accrue liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated.

As of the date of this Annual Information Form, the Company's management is not aware of any current or contemplated legal proceedings material to the Company to which it is a party or of which any of its property is the subject matter.

As of the date of this Annual Information Form, no penalties or sanctions have been imposed against the Company by a court or regulatory body and the Company did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of (i) the directors or executive officers of the Company, (ii) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the voting securities of the Company, or (iii) any associate or affiliate of the persons referred to in (i) and (ii), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Annual Information Form or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries. See "Material Contracts".

Related Party Transactions

Patriot has not engaged in any material non-arm's length party transactions since its incorporation, other than those set out in the Patriot Financial Statements filed on October 14, 2020.

TRANSFER AGENT, REGISTRAR, AND WARRANT AGENT

The transfer agent and registrar for the Common Shares and Warrants is TSX Trust Company located at 100 Adelaide Street W, Suite 301, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

The following is a list of material contracts of Patriot and its subsidiaries, other than contracts entered into in the ordinary course of business, entered into by Patriot within the last financial year ended July 31, 2020, or before the last fiscal year if still in effect:

- (1) On December 10, 2018, Patriot entered into an agreement with Raytheon Canada Ltd. ("**Raytheon**") wherein Raytheon will fund Patriot with \$3,000,000 of non-dilutive cash financing for further development of Patriot's concealed weapons detection technology (the "**Project**"). The Project has been approved as a qualifying project under the Government of Canada's Industrial & Technological Benefits program, administered by Innovation Science and Economic Development Canada. Pursuant to the terms of the agreement, Patriot will be eligible to claim milestone funding of \$500,000, \$1,000,000 and \$1,500,000 due on or before December 31, 2018, December 31, 2019, and December 31, 2020, respectively, provided at least double the applicable milestone value has been spent by Patriot on qualifying expenditures.
- (2) On January 10, 2019, Patriot entered into a securities exchange agreement with EhEye Inc. and all the security holders of EhEye Inc. whereby the Company acquired a 100% equity interest in EhEye Inc. in consideration of the issuance of 1,636,363 Common Shares to the former shareholders of EhEye Inc. Patriot also granted 277,775 replacement incentive stock options to an employee, director, and officer option holders of EhEye Inc. in consideration of the cancellation of their outstanding EhEye Inc. options, in each case with terms to match the benefit foregone by the cancellation of such EhEye Inc. options.
- (3) On January 22, 2019, Patriot entered into a binding operating agreement with NanoBio Detection Systems LLC ("**NanoBio**") in respect of the creation of the Sotech joint venture to commercialize a technology for the stand-off detection of

explosives and other threats such as chemical and biological agents as well as illicit narcotics. In consideration of the grant of an exclusive technology license to Sotech, Patriot will pay NanoBio up to USD \$3 million as follows: (1) USD \$1 million following the execution of the agreement (paid), (2) USD \$1 million on or before March 2, 2019 (paid); and (3) USD \$1 million upon the completion by Sotech of transactions resulting in an injection of non-debt working capital (revenue) of greater than USD \$1 million. Patriot will finance the initial research and product development expenses subject to board approvals and a mutually agreed option whereby NanoBio may increase its interest in the joint venture up to 70% within 18 months of the effective date of the agreement in consideration of payment to Patriot equal to 100% of all development expenses to date. If exercised, all future financing obligations between Patriot and NanoBio would be on a pro-rata (30%/70%, respectively) basis. Pursuant to the agreement, Sotech will pay two net profit royalties, one to NanoBio in the amount of 20% and one to the University of Texas in the amount of 2.5%. The Company currently owns a 49% interest in Sotech with NanoBio owning the remaining 51% interest. On September 14, 2020, the Company entered into a membership interest purchase agreement with NanoBio to sell its 49% interest in Sotech for USD \$3 million with an estimated closing date of October 31, 2020.

- (4) On July 25, 2019, Patriot completed an exclusive global commercial licensing agreement for intellectual property with Quasar of San Diego, Calif., to ensure the successful deployment of PATSCAN TMS components. Under the terms of this agreement, Quasar has granted Patriot a perpetual, worldwide, exclusive, fully paid-up, transferable and irrevocable license (with a right of sublicense) to use Quasar's intellectual property to use, develop, modify, manufacture and sell covert threat detection technology in exchange for an aggregate cash consideration of USD \$5 million. The Quasar license includes access to patented sensor technology and patent-pending magnetic detection and security screening technology. Patriot also has the right to engage Quasar's development team to assist with future modifications to the technology, as well as manufacturing and implementation engineering.
- (5) On September 6, 2019, Patriot acquired 100% of the issued and outstanding shares of Xtract, a limited company incorporated under the laws of British Columbia, Canada including its related interests, assets, and intellectual property for a cash payment of \$6,000,000, a working capital adjustment and option holder payout of \$1,546,526 and the issuance of 9,422,956 Common Shares of the Company at a fair value of \$16,867,090.
- (6) On May 21, 2020, Patriot was selected to receive up to \$4.5 million in co-investment capital from the Canadian Digital Technology Supercluster COVID-19 Program for the development and deployment of health and safety technologies to detect dangers before they become a threat to our communities. The agreement was executed on September 17, 2020.

INTERESTS OF EXPERTS

The Patriot Financial Statements have been audited by Davidson & Company LLP, as set forth in their audit reports. Davidson & Company LLP is the independent auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Patriot Financial Statements and MD&A.

APPENDIX "A"
GLOSSARY OF TERMS

"Annual Information Form" means this annual information form;

"Board" means the board of directors of the Company;

"Common Shares" means the common shares in the capital of the Company;

"Detection" means Patriot One Detection Ltd;

"Deferred Share Unit" means a Common Share of the Company redeemable to an individual on a specified date in the future;

"IFRS" means International Financial Reporting Standards;

"MD&A" means the management's discussion and analysis of the Company for the year ended July 31, 2020;

"Patriot" or the **"Company"** means Patriot One Technologies Inc.;

"Patriot Financial Statements" means the audited annual consolidated financial statements of the Company as at and for the year ended July 31, 2020, together with the notes thereto and the auditors' report thereon;

"Restricted Share Unit" means a Common Share of the Company granted to an individual subject to specified restrictions;

"Shareholders" means the holders of Common Shares;

"Stock Options" means an options contract granted by the Company to purchase Common Shares of the Company at a stated price.