



01 Communique Moves Forward with IronCAP X Commercialization and Announces First Quarter Fiscal 2020 Results

TORONTO, ON – March 18, 2020. 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) is pleased to report that the Company has made significant developments in the First Quarter and is moving forward on the commercialization of its new IronCAP X cybersecurity product for email/file encryption, which product will be launched on April 23, 2020 at the Company's upcoming annual shareholders meeting. The Company has plans for wider commercialization with the development team continuing work on the IronCAP family of encryption products with applications for credit cards, VPNs and the Internet.

Andrew Cheung, 01 Communique CEO, stated, "I am pleased that we are on-target to launch our new IronCAP X email encryption product on April 23rd. Our team has worked very hard to develop a product that numerous industry experts have endorsed to be the most advanced and secure quantum-safe cryptographic system existing today. IronCAP proved to be un-hackable after we issued an open, world-wide challenge last year to hackers to crack its quantum-safe encryption, and over 500 hackers from various countries were unable to do so. I invite all interested parties to come to the IronCAP X demo on April 23rd to see our new product."

Business Development Highlights:

The Company has continued with work to help ensure the successful commercialization of IronCAP X and the IronCAP API. During the First Quarter, the development team added the finishing touches to IronCAP X to get ready for commercial availability in April 2020, and continued to make improvements to our IronCAP API which has been available to vendors since the summer of 2019. IronCAP's new web site provides IronCAP X beta users the ability to register for a trial of IronCAP X when it is available.

Earlier this March the Company along with business partner Hitachi Solutions Create, Ltd (HSC), announced a 2-month free usage offer of DoMobile remote access services from March 2, 2020 to May 31, 2020 in Japan. The offer is to support the business community with increased telecommunications usage during the current coronavirus pandemic.

DoMobile, which is marketed by HSC, is 01 Communique's I'm InTouch remote access service. DoMobile allows mobile professionals and telecommuters to connect and interact with their home or office computer to access the information and essential business tools they need from anywhere, anytime using any computer or wireless device with an Internet connection.

In January, management of the Company had a successful business development trip in Asia which included attending the Asian Financial Forum and meetings with numerous potential customers, including many based in mainland China.

Increased business development activities have resulted in the signing of a memorandum of understanding (MOU) with HSC in Japan and with ixFintech in Hong Kong with respect to licensing the IronCAP technology. Discussions with other leading technology firms are in progress.

First Quarter 2020 Fiscal Results

The Company reported a loss for its first quarter 2020, which ended January 31, 2020 of \$194,392 compared to a loss in 2019 of \$187,309. The Company completed the period with \$414,751 of cash and cash equivalents and GIC.

During the quarter the Company completed a refinancing of its outstanding \$400,000 secured debenture under the same terms and conditions other than a new expiry date of April 24, 2021 and the exercise price of the underlying 800,000 warrants were increased to \$0.13 from \$0.10.

The Company adopted IFRS 16, Leases, retrospectively without restatement of prior periods effective the beginning of its fiscal 2020 year and as a result has recognized a right-of-use asset for the lease on its premise with an associated lease liability. In addition, the nature of the expense related to this lease has changed from a

straight-line operating lease expense to a depreciation charge for a right-of-use asset over the term of the lease and interest expense on the lease liability. As a result of the adoption the Company has recorded a right-of-use asset of \$52,522 and related lease liability of \$44,971 which is current and \$7,716 which is non-current.

Cash operating expenses for the quarter, which excludes stock-based compensation and depreciation, were \$179,853 (2019 - \$173,913).

Grant of Stock Options

The Company granted stock options pursuant to its stock option plan to certain directors and executives of the Company to purchase up to an aggregate of 600,000 common shares in the Company. The options were granted on March 17, 2020 and are exercisable at a price of \$0.10 per share for a period of four years from the date of grant. The options vest over a period of one year, with 50% vesting on September 17, 2020 and 50% vesting on March 17, 2021. The options, and the shares issuable upon exercise, will be subject to applicable securities and regulatory laws

About IronCAP and IronCAP X:

IronCAP is at the forefront of the cyber security market and is designed to protect our customers from cyber-attacks. IronCAP's patent-pending cryptographic system is designed to protect users and enterprises against the ever-evolving illegitimate and malicious means of gaining access to their data today as well as in the future with the introduction of powerful quantum computers. Based on improved Goppa code-based encryption it is designed to be faster and more secure than current standards. It operates on conventional computer systems so users are protected today while being secure enough to safeguard against future attacks from the world of quantum computers. An IronCAP API is available which allows vendors of a wide variety of vertical applications to easily transform their products to ensure their customers are safe from cyber-attacks today and from quantum computers in the future.

IronCAP X, a new cybersecurity product for email/file encryption, incorporates our patent-pending technology and is planned for commercial release around Q1 2020. The new product has two major differentiations from what is in the market today. Firstly, many offerings in today's market store users secured emails on email-servers for recipients to read, making email-servers a central target of cyber-attack. Our new product, on the other hand, delivers each encrypted message end-to-end to the recipients such that only the intended recipients can decrypt and read the message. Consumer's individual messages are protected, eliminating the hackers' incentive to attack email servers of email providers. Secondly, powered by our patent-pending IronCAP technology, we believe our new product will be the world's first quantum-safe end-to-end email encryption system; secured against cyberattacks from today's systems and from quantum computers in the future. Consumers and businesses using our new products will have tomorrow's cybersecurity today.

About 01 Communique

Established in 1992, 01 Communique Laboratory Inc. (TSX-V: ONE) has always been at the forefront of technology. In early 2018 the Company announced the transition of its business focusing on post-quantum cybersecurity with the development of its IronCAP technology. IronCAP is an advanced Goppa code-based post-quantum cryptographic technology that can be implemented on classical computer systems as we know them today while at the same time can also safeguard against attacks in the future post-quantum world of computing. The Company's legacy business provides its customers with a suite of secure remote access services and products. The Company's legacy products are protected in the U.S.A. by its patents #6,928,479 / #6,938,076 / #8,234,701; in Canada by its patents #2,309,398 / #2,524,039 and in Japan by its patent #4,875,094. For more information, visit the Company's web site at www.ironcap.ca and www.01com.com

Cautionary Note Regarding Forward-looking Statements.

Certain statements in this news release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this news release, such statements use such words as "may", "will", "expect", "believe", "plan", "intend", "are confident" and other similar terminology. Such statements include statements regarding the timing of the release of IronCAP X, the future of quantum computers and their impact on the Company's product offering, the functionality of the Company's products and the intended product lines for the Company's technology, the execution of a memorandum of understanding signed with Hitachi

Solutions Create, Ltd., the potential licensing of the Company's technology and the ability to close the proposed financing. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk and Uncertainties" in the Company's Management's Discussion and Analysis document filed on SEDAR. Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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

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01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Financial Position
As at January 31, 2020 and October 31, 2019

	31-Jan-20	31-Oct-19
Assets		
Current assets		
Cash and cash equivalents	\$ 364,751	\$ 283,712
Guaranteed investment certificate	50,000	300,000
Accounts receivable	73,390	96,055
Prepaid expenses and other assets	9,764	11,124
	<u>497,904</u>	<u>690,891</u>
Right-of-use asset	52,522	-
Plant and equipment	15,549	16,335
	<u>565,976</u>	<u>707,226</u>
Total assets		
	<u>\$ 565,976</u>	<u>\$ 707,226</u>
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$ 105,788	\$ 140,962
Deferred revenue	8,602	8,907
Lease liability	44,971	-
Liability component of debenture	-	390,703
	<u>159,361</u>	<u>540,572</u>
Non-current liabilities		
Lease liability	7,716	-
Liability component of debenture	378,300	-
	<u>386,016</u>	<u>-</u>
Shareholders' deficit		
Share capital	41,414,233	41,414,233
Contributed surplus	5,700,316	5,668,916
Warrants	615,185	598,247
Agent's compensation options	99,200	99,200
Deficit	(47,808,334)	(47,613,942)
	<u>20,599</u>	<u>166,654</u>
Total liabilities and shareholders' deficit		
	<u>\$ 565,976</u>	<u>\$ 707,226</u>

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Operations and Comprehensive Income
For the 3 month periods ended January 31, 2020 and 2019

	<i>for the 3 months ended</i>	
	<u>31-Jan-20</u>	<u>31-Jan-19</u>
Revenue	\$ 41,370	\$ 50,035
Expenses:		
Selling, general and administrative	141,651	130,013
Research and development	71,094	84,249
	<u>212,746</u>	<u>214,261</u>
Loss before accretion on liability component of debenture, interest, other income, and taxes	(171,375)	(164,226)
Interest on debenture	15,000	15,000
Accretion on liability portion of debenture	4,535	4,535
Loss before other income, expense and taxes	<u>(190,910)</u>	<u>(183,761)</u>
Interest income	725	797
Interest expense	750	-
Loss before taxes	<u>(190,936)</u>	<u>(182,964)</u>
Withholding taxes	3,456	4,345
Loss for the period and comprehensive loss	<u>\$ (194,392)</u>	<u>\$ (187,309)</u>
Loss per common share:		
Basic	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares:		
Basic	80,235,472	76,543,807
Diluted	80,235,472	76,543,807

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Cash Flows
For the 3 month periods ended January 31, 2020 and 2019

	<i>three months ending</i>	
	<i>31-Jan-20</i>	<i>31-Jan-19</i>
Cash provided by (used in):		
Operating activities:		
Comprehensive loss for the period	\$ (194,392)	\$ (187,309)
Adjustments to reconcile loss for the period to net cash flows from operating activities:		
Depreciation of property and equipment	1,493	1,402
Amortization of right-of-use asset	11,061	-
Stock-based compensation expense	31,400	38,946
Accretion on liability portion of debenture	4,535	4,535
Interest income	(725)	(797)
Change in non-cash working capital	(3,739)	(57,640)
	(150,367)	(200,863)
Interest income received	725	797
	(149,642)	(200,066)
Financing activities:		
Increase in lease liabilities	44,972	-
Proceeds from guaranteed investment certificate	250,000	150,000
Total cash provided by financing activities	294,972	150,000
Investing activities:		
Right-of-use asset	(63,583)	-
Purchase of property and equipment	(708)	(1,400)
Total cash used in investing activities	(64,291)	(1,400)
Increase (decrease) in cash and cash equivalents	81,038	(51,466)
Cash and cash equivalents, beginning of period	283,712	113,760
Cash and cash equivalents, end of period	\$ 364,751	\$ 62,294

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