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## ***01 Communique Provides Quarterly Update on Business Developments, Launch of IronCAP X and Second Quarter Fiscal 2020 Results***

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**TORONTO, ON – June 11, 2020.** 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) is pleased to report that the Company has made significant developments during the Second Quarter with the launch of the IronCAP X cybersecurity product for email/file encryption, made commercially available on April 23, 2020. The Company is continuing with plans for the development and commercialization of wider product offerings. The development team is continuing work on the IronCAP family of encryption products with applications for remote access / VPN vendors, cloud storage vendors, credit card security vendors, password management and increased web site security.

Andrew Cheung, 01 Communique CEO, stated, "I am pleased with the successful launch of our new IronCAP X email encryption product on April 23rd and the receipt of our patent application number to facilitate seamless sending of encrypted emails to a recipient. We are now continuing with the development of our other products towards commercialization. Our goal is to offer products with the most advanced and secure quantum safe cryptographic system available. The funds from our recent financing will be used to develop these products."

### **Business Development Highlights:**

The Company has continued with work to help ensure the successful commercialization of IronCAP X and IronCAP API. During the Second Quarter, the Company focused on the marketing and successful launch of IronCAP X which was made commercially available on April 23, 2020. Part of the marketing strategy included a virtual demo after the Company's annual shareholder meeting and a free downloadable personal usage platform. To download the free version of IronCAP X, click on the following link: <https://www.ironcap.ca/ironcap-x/personal> As well as completing and launching IronCAP X, the development team continued to make improvements to IronCAP API which has been available to vendors since the summer of 2019.

In April, the Company announced that it has entered into a Memorandum of Understanding ("MOU") with Nexusguard Consulting Limited to work towards a formal business partnership in bringing quantum-safe IronCAP cryptography technology (ICC) to customers in the Asia Pacific including Mainland China and Hong Kong. The MOU will see Nexusguard Consulting Limited and 01 Communique working together on cybersecurity offerings as well as marketing initiatives in the various markets operated by both companies.

On May 29<sup>th</sup> subsequent to the end of the quarter the Company strengthened its balance sheet completing a non-brokered private placement of units ("Units"). Pursuant to the offering the Company issued a total of 1,683,334 Units raising aggregate gross proceeds of \$202,000. Following the closing of the offering, the Company has 81,918,806 common shares issued and outstanding. Each Unit was issued at a price \$0.12 and consists of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant. The Company will use the gross proceeds of the offering of Units for product development and general working capital purposes.

On June 9<sup>th</sup> the Company announced that the United States Patent and Trademark Office ("USPTO") has issued the Company a receipt for its Patent Application No.16/893,709 for a Cryptographic System and Method that facilitates sending encrypted emails to a recipient. 01 Communique has filed a patent application directed to an invention that is being used in a future version of IronCAP X (to be released very soon) and facilitates sending encrypted emails to a recipient without having to first ask the recipient to become a registered user of IronCAP X. This invention enables a seamless plug-and-play mechanism to automatically invite new IronCAP X users fueling a viral growth pattern.

### **Second Quarter 2020 Fiscal Results**

The Company reported a loss for its second quarter 2020, which ended April 30, 2020 of \$249,133 compared to a loss in 2019 of \$196,043. As at April 30<sup>th</sup> the Company had \$225,454 of cash and cash equivalents and GIC.

The adjusted loss for the quarter, which excludes stock-based compensation and depreciation which are non-cash expenses, was \$205,924 (2019 - \$150,199). Revenue for the quarter of \$73,297 (2019 - \$74,685) was fairly consistent year over year.

The cash operating expenses, which excludes stock-based compensation, were \$251,114 (2019 - \$200,222) an increase of \$50,892 reflecting the Company's ongoing investment in the development of products based on the IronCAP technology. In addition, the Company is now preparing sales and marketing activities to commercialize the recently released IronCAP X as well as continuing in efforts to build partnerships with companies for the integration of the IronCAP API with third party applications.

#### **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, incorporating our patent-pending technology was made available for commercial use on April 23, 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](http://www.ironcap.ca) and [www.01com.com](http://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 April 30, 2020 and October 31, 2019**

	30-Apr-20	31-Oct-19
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 115,454	\$ 283,712
Guaranteed investment certificate	110,000	300,000
Accounts receivable	76,007	96,055
Prepaid expenses and other assets	23,516	11,124
	<u>324,977</u>	<u>690,891</u>
Right-of-use asset	41,461	-
Plant and equipment	15,534	16,335
<b>Total assets</b>	<u><u>\$ 381,972</u></u>	<u><u>\$ 707,226</u></u>
<b>Liabilities and Shareholders' Deficit</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 134,231	\$ 140,962
Deferred revenue	9,809	8,907
Lease liability	33,938	-
Liability component of debenture	383,062	390,703
	<u>561,040</u>	<u>540,572</u>
<b>Non-current liabilities</b>		
Lease liability	7,715	-
<b>Shareholders' deficit</b>		
Share capital	41,414,233	41,414,233
Contributed surplus	5,742,066	5,668,916
Share purchase warrants	615,185	598,247
Agent compensation options	99,200	99,200
Deficit	(48,057,467)	(47,613,942)
	<u>(186,783)</u>	<u>166,654</u>
<b>Total liabilities and shareholders' deficit</b>	<u><u>\$ 381,972</u></u>	<u><u>\$ 707,226</u></u>

**01 Communicque Laboratory Inc.**  
**SELECTED FINANCIAL INFORMATION**  
**Consolidated Statements of Operations and Comprehensive Income**  
**For the 3 and 6 month periods ended April 30, 2020 and 2019**

	<i>for the 3 months ended</i>		<i>for the 6 months ended</i>	
	<u>30-Apr-20</u>	<u>30-Apr-19</u>	<u>30-Apr-20</u>	<u>30-Apr-19</u>
Revenue	\$ 73,297	\$ 74,685	\$ 114,667	\$ 124,720
Expenses:				
Selling, general and administrative	162,918	151,137	304,570	281,149
Research and development	131,404	94,930	202,499	179,178
	<u>294,324</u>	<u>246,066</u>	<u>507,069</u>	<u>460,327</u>
Loss before accretion on liability component of debenture, interest, other income, and taxes	(221,027)	(171,381)	(392,402)	(335,607)
Interest on debenture	15,000	15,000	30,000	30,000
Accretion on liability portion of debenture	4,762	4,762	9,297	9,297
Loss before other income, expense and taxes	<u>(240,789)</u>	<u>(191,143)</u>	<u>(431,699)</u>	<u>(374,904)</u>
Interest income	150	1,913	875	2,710
Interest expense	679	-	1,429	-
Loss before taxes	<u>(241,317)</u>	<u>(189,230)</u>	<u>(432,253)</u>	<u>(372,194)</u>
Withholding taxes	7,816	6,813	11,272	11,158
Loss for the period and comprehensive loss	<u>\$ (249,133)</u>	<u>\$ (196,043)</u>	<u>\$ (443,525)</u>	<u>\$ (383,352)</u>
Basic	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares				
Basic	80,235,472	76,543,807	80,235,472	76,543,807
Diluted	80,235,472	76,543,807	80,235,472	76,543,807

**01 Communique Laboratory Inc.**  
**SELECTED FINANCIAL INFORMATION**  
**Consolidated Statements of Cash Flows**  
**For the 3 and 6 month periods ended April 30, 2020 and 2019**

	<i>three months ending</i>		<i>six months ending</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Cash provided by (used in):				
Operating activities:				
Comprehensive loss for the period	\$ (249,133)	\$ (196,043)	\$ (443,525)	\$ (383,352)
Adjustments to reconcile loss for the period to net cash flows from operating activities:				
Depreciation of property and equipment	1,459	1,294	2,952	2,696
Amortization of right-of-use asset	11,061		22,122	-
Stock-based compensation expense	41,750	44,550	73,150	83,496
Accretion on liability portion of debenture	4,762	4,762	9,297	9,297
Interest income	(150)	(1,913)	(875)	(2,710)
Change in non-cash working capital	2,247	(986)	35,765	(58,626)
	(188,004)	(148,336)	(301,114)	(349,199)
Interest income received	150	1,913	875	2,710
	(187,854)	(146,423)	(300,239)	(346,489)
Financing activities:				
Increase in lease liabilities	-	-	7,715	-
Proceeds from guaranteed investment certificate	(60,000)	200,000	190,000	350,000
Total cash provided by financing activities	(60,000)	200,000	197,715	350,000
Investing activities:				
Right-of-use asset	-	-	(63,583)	-
Purchase of property and equipment	(1,443)	(3,845)	(2,151)	(5,245)
Total cash used in investing activities	(1,443)	(3,845)	(65,734)	(5,245)
Increase (decrease) in cash and cash equivalents	(249,297)	49,732	(168,258)	(1,734)
Cash and cash equivalents, beginning of period	364,751	62,294	283,712	113,760
Cash and cash equivalents, end of period	\$ 115,454	\$ 112,026	\$ 115,454	\$ 112,026

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