



01 Communique Provides Corporate Update and Announces Fourth Quarter Fiscal 2019 Results

TORONTO, ON – February 6, 2020. 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) is pleased to report on significant advances the Company has made in developing its quantum-safe cyber security systems, including initiatives to help ensure successful commercialization of IronCAP X and IronCAP API. IronCAP X, a new cybersecurity product for email/file encryption, is planned for commercial release around Q1 2020. IronCAP's strength has been endorsed by industry experts to be the most secure quantum safe encryption today as industry and governments face the serious threat that quantum computing poses to traditional encryption.

Fourth Quarter Fiscal 2019 Results

The Company today reported a profit for its 4th quarter 2019 of \$238,494 compared to a net loss in 2018 of \$229,045. Excluding a one-time reversal for a prior year accrued liability and non-cash operating expenses which include stock-based compensation and depreciation, the adjusted loss was \$177,070 (2018 - \$194,202). The Company completed the year with \$583,712 of cash and cash equivalents and GIC.

Andrew Cheung, 01 Communique CEO, stated, "I am pleased with the significant progress we made throughout 2019 in developing what we believe to be the most advanced quantum-safe cryptographic system in the world. We completed development of our IronCAP API, making it available to vendors. We are adding the finishing touches to IronCAP X, which we believe is the world's first quantum-safe end-to-end email encryption system, as we get ready for its commercial availability."

Business Development Highlights:

The Company has several ongoing initiatives to help ensure the successful commercialization of IronCAP X and IronCAP API including:

- Increased business development activities have resulted in the signing of a memorandum of understanding (MOU) with Hitachi Solutions Create Ltd in Japan and with ixFintech in Hong Kong with respect to licensing IronCAP technology. Discussions with other leading technology firms are in progress.
- The Company had a successful business development trip in Asia in January 2020. The trip included attending the Asian Financial Forum where management met with 14 potential customers in the finance industry. In addition, management met with 6 potential customers in mainland China as had further meetings with Hitachi in Tokyo to discuss plans following the MOU.
- A world class development team has been assembled for the completion of IronCAP X as well as for the development of an impressive product road map that would incorporate the Company's IronCAP technology into a number of new products.
- The addition of new board and advisory committee members with significant business expertise.
- A new web site (www.ironcap.ca) has been launched to provide quick access to critical information about IronCAP technology and its family of products, including IronCAP X.
- The new web site provides IronCAP X beta users the ability to register for a trial of IronCAP X when it is available.

The Company has received several endorsements supporting management's belief that IronCAP is secure enough to safeguard against potential attacks from quantum computers:

- IronCAP proved to be un-hackable after the Company issued a world-wide challenge to hackers to crack their quantum-safe encryption in 10 days in exchange for a \$100,000. All 517 hackers from various countries failed miserably, validating the strength of IronCAP's encryption platform.
- IronCAP was selected as the Editor's Choice Award in a special "Quantum Computing" edition of the CIOReview magazine. CIOReview profiled the "10 Most Promising Quantum Computing Solution Providers" of 2019, and selected IronCAP as the Editor's choice.

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 October 31, 2019 and October 31, 2018

	31-Oct-19	31-Oct-18
Assets		
Current assets		
Cash and cash equivalents	\$ 283,712	\$ 113,760
Guaranteed investment certificate	300,000	700,000
Accounts receivable	96,055	62,696
Prepaid expenses and other assets	11,124	6,275
	<u>690,891</u>	<u>882,731</u>
Plant and equipment	<u>16,335</u>	<u>16,085</u>
	<u>\$ 707,226</u>	<u>\$ 898,816</u>
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$ 140,962	\$ 584,552
Deferred revenue	8,906	8,455
Liability component of debenture	390,703	390,733
	<u>540,572</u>	<u>983,740</u>
Shareholders' equity		
Share capital	41,414,233	41,186,529
Contributed surplus	5,668,916	5,511,832
Share purchase warrants	598,247	417,700
Agent compensation options	99,200	99,200
Deficit	(47,613,942)	(47,300,185)
	<u>166,654</u>	<u>(84,924)</u>
Total liabilities and shareholders' deficit	<u>\$ 707,226</u>	<u>\$ 898,816</u>

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Operations and Comprehensive Income
For the 3 and 12 month periods ended October 31, 2019 and 2018

	<i>the years ended</i>		<i>the 3 months ended</i>	
	<i>31-Oct-19</i>	<i>31-Oct-18</i>	<i>31-Oct-19</i>	<i>31-Oct-18</i>
Revenue	\$ 283,107	\$ 202,967	\$ 80,832	\$ 48,875
Expenses (income):				
Selling, general and administrative	562,200	306,401	158,532	138,467
Research and development	384,007	204,900	104,968	122,379
	<u>946,207</u>	<u>511,301</u>	<u>263,499</u>	<u>260,845</u>
Loss before accretion on liability component of debenture, interest, other income, unusual item and taxes	(663,100)	(308,334)	(182,667)	(211,970)
Interest on debenture	60,000	50,295	15,000	15,000
Accretion on liability portion of debenture	17,731	16,853	4,320	4,319
	<u>(740,831)</u>	<u>(375,482)</u>	<u>(201,987)</u>	<u>(231,289)</u>
Foreign exchange gain	-	5,069	-	5,069
Interest income	9,900	1,210	5,006	1,169
Reversal of accrued liability	441,809	-	441,809	-
Profit (loss) before taxes	<u>(289,122)</u>	<u>(369,203)</u>	<u>244,828</u>	<u>(225,051)</u>
Withholding taxes	24,635	18,421	6,334	4,044
Profit (loss) for the period and comprehensive profit (loss)	<u>\$ (313,757)</u>	<u>\$ (387,624)</u>	<u>\$ 238,494</u>	<u>\$ (229,095)</u>
Basic	\$ (0.00)	\$ (0.01)	\$ 0.00	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.01)	\$ 0.00	\$ (0.00)
Weighted average number of common shares				
Basic	77,488,373	67,749,286	80,212,646	71,326,416
Diluted	77,488,373	67,749,286	80,212,646	71,326,416

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Cash Flows
For the 3 and 12 month periods ended October 31, 2019 and 2018

	<i>the years ended</i>		<i>three months ending</i>	
	<i>31-Oct-19</i>	<i>31-Oct-18</i>	<i>31-Oct-19</i>	<i>31-Oct-18</i>
Cash provided by (used in):				
Operating activities:				
Comprehensive loss for the period	\$ (313,757)	\$ (387,624)	\$ 238,494	\$ (229,095)
Adjustments to reconcile loss for the period to net cash flows from operating activities:				
Depreciation of property and equipment	5,376	1,346	1,439	281
Stock-based compensation expense	139,384	57,411	24,806	34,612
Accretion on liability portion of debenture	17,731	16,853	4,320	4,319
Interest income	(9,900)	(1,210)	(5,006)	(1,169)
Change in non-cash working capital	(481,346)	49,200	(385,574)	88,566
	(642,512)	(264,024)	(121,521)	(102,486)
Interest income received	9,900	1,210	5,006	1,169
	(632,612)	(262,814)	(116,515)	(101,317)
Financing activities:				
Proceeds from private placement	437,000	1,000,000	-	1,000,000
Cash share issuance costs	(31,279)	(147,048)	-	(147,048)
Exercise of stock options	2,500	-	2,500	-
Total cash provided by financing activities	408,221	852,952	2,500	852,952
Investing activities:				
Net proceeds from guaranteed investment certificate	400,000	-	-	-
Purchase of property and equipment	(5,657)	(14,954)	(311)	(11,867)
Purchase of guaranteed investment certificate	-	(700,000)	(100,000)	(700,000)
Total cash used in investing activities	394,343	(714,954)	(100,311)	(711,867)
Increase (decrease) in cash and cash equivalents	169,952	(124,816)	(214,326)	39,768
Cash and cash equivalents, beginning of period	113,760	238,576	498,038	73,992
Cash and cash equivalents, end of period	\$ 283,712	\$ 113,760	\$ 283,712	\$ 113,760

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