



01 Communique Provides a Corporate Update and Announces its Second Quarter Fiscal 2019 Results

TORONTO, ON – June 11, 2019. 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) today reported results for its second quarter of fiscal 2019, ended April 30, 2019. The loss for the quarter was \$196,043 (2018 - \$35,044) an increase of \$160,999 a direct result of the investment the Company has made in developing its Post-Quantum Cryptography ("PQ-Crypto") technology and getting ready for the commercial launch of the first of many products incorporating this technology, IronCAP X, this coming September. The Company has completed the period with \$462,026 of cash and cash equivalents and a guaranteed investment certificate.

"We have come a long way over the past several months as we get ready for the commercial launch of IronCAP X in September," said Andrew Cheung, President and CEO for 01 Communique. "We filed a patent application in the United States relating to our cryptographic systems and methods in January. We added several new members to our development team with expertise in security. We demonstrated our new product at our shareholders' meeting in April. We completed a new web site, which will be up and running shortly. We initiated discussion with a number of key partners in the security space. We are in the midst of putting together a sales and marketing team. With all of this on the go and more to come we have enlisted a leading investment firm to complete a non-brokered private placement."

Highlights:

- Major milestones have already been achieved as the Company gets ready for commercial availability of IronCAP X, which include:
 - Filing a patent application in the United States for this unique new technology.
 - Moving forward with the memorandum of understanding signed with Hitachi Solutions Create, Ltd. to undertake a market feasibility study in Japan with respect to the Company's new technology.
 - Successful demonstration of IronCAP X in April at the Company's shareholders meeting.
 - Assembled the basis of a world class development team tasked with completion of IronCAP X for this September.
 - Added new members to the board of directors and its advisory committee with significant expertise in blockchain technology and security.
 - Developed an impressive product road map that encompasses a number of new products incorporating the Company's PQ-Crypto technology planned for development after the release of IronCAP X.
- Getting ready for the September launch:
 - The Company's new IronCAP web site (www.ironcap.ca) is planned to go live later this month. The redesigned web site offers quick and intuitive access to critical information regarding the IronCAP technology and family of products including IronCAP X and offers a significantly improved user experience.
 - 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 is in advanced stages of discussion with an experienced sales and marketing person to lead the launch of IronCAP X.
 - Business development meetings are progressing with several leading technology firms with respect to licensing IronCAP Crypto (ICC) and IronCAP X.
 - The Company plans to launch its IronCAP API in July to allow potential integrators to beta test ICC integration with their products.
- Strengthening the balance sheet:
 - To effectively launch IronCAP X and bring on board experienced sales and marketing personnel, the Company has enlisted a leading investment firm to assist the Company with the completion of a non-brokered private placement. The terms of the financing will be determined in the context of the market for the Company's common shares.

- The Company's Debenture contains an expiry acceleration clause which was amended to extend the expiration date of the associated warrants such that the exercise period of the warrants after the amendment is now September 10, 2019 (prior to the amendment it was June 12, 2019).

"With everything we have on the go as we head into the countdown for the commercial launch of IronCAP X we believe it is important for us to strengthen our balance sheet," said Andrew Cheung. "As such we are moving forward with the above referenced non-brokered private placement with expectations of raising up to \$1,500,000 of working capital which we believe will be sufficient for us to attract the personnel we require and complete a successful launch. I am extremely excited about the prospect for the future of our Company."

Conference Call Information:

01 Communique will host a live teleconference allowing for questions and answers on Wednesday June 12, 2019 at 10:00AM EST to discuss the Company's quarterly results as well as providing an update on the outlook for the future with the upcoming release of the Company's new product IronCAP X.

Teleconference details:

Wednesday June 12th at 10:00 AM

Dial in Numbers:

Local (416) 507-1616

Toll free 1-866-279-1594

Pass code when prompted is 835084

About IronCAP X:

IronCAP X is the Company's first product to incorporate its patent pending ICC technology and is believed to be the world's first quantum-safe email system. The system demonstrated at the Company's shareholder meeting showed how easy it is to send and receive an email that encapsulates 01's encryption and digital signing system, IronCAP X, providing an end-to-end encrypted message that only the recipient can decrypt and read. The Company reiterated that it is on track for a commercial release of IronCAP X this coming September.

About 01 Communique

Established in 1992, 01 Communique Laboratory Inc. (TSX-V: ONE) has always been at the forefront of technology. The Company's legacy business provides its customers with a suite of secure remote access services and products. In early 2018 the Company began transitioning its business focusing on cybersecurity with the development and implementation of Post-Quantum Cryptography and Post-Quantum Blockchain technologies, which can be implemented on classical computer systems as we know them today while at the same time intended to be secure enough to safeguard against potential Quantum Computer attacks. 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.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
Interim Consolidated Statements of Financial Position
(Unaudited)
As at April 30, 2019 and December 31, 2018

	30-Apr-19	31-Oct-18
Assets		
Current assets		
Cash and cash equivalents	\$ 112,026	\$ 113,760
Guaranteed investment certificate	350,000	700,000
Accounts receivable	55,988	62,696
Prepaid expenses and other assets	22,830	6,275
	<u>540,844</u>	<u>882,731</u>
Plant and equipment	18,634	16,085
	<u>\$ 559,478</u>	<u>\$ 898,816</u>
Liabilities & Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$ 534,765	\$ 584,552
Deferred revenue	9,463	8,455
Liability component of debenture	383,917	390,733
	<u>928,145</u>	<u>983,740</u>
Shareholders' equity		
Share capital	41,186,529	41,186,529
Contributed surplus	5,548,217	5,464,721
Share purchase warrants	400,000	400,000
Agent compensation options	99,200	99,200
Equity portion of Debenture	80,924	64,811
Deficit	(47,683,537)	(47,300,185)
	<u>(368,667)</u>	<u>(84,924)</u>
Total liabilities and shareholders' deficit	<u>\$ 559,478</u>	<u>\$ 898,816</u>

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Interim Consolidated Statements of Operations and Comprehensive Income
(Unaudited)
For the 3 and 6 month periods ended April 30, 2019 and 2018

	three months ending		six months ending	
	<u>30-Apr-19</u>	<u>30-Apr-18</u>	<u>30-Apr-19</u>	<u>30-Apr-18</u>
Revenue	\$ 74,685	\$ 73,809	\$ 124,720	\$ 108,653
Expenses (income):				
Selling, general and administrative	151,137	55,566	281,149	90,041
Research and development	94,930	35,168	179,178	58,942
Interest	<u>(1,913)</u>	<u>(10)</u>	<u>(2,710)</u>	<u>(18)</u>
	<u>244,153</u>	<u>90,724</u>	<u>457,617</u>	<u>148,965</u>
Loss before interest and accretion on liability component of debenture and taxes	(169,468)	(16,915)	(332,897)	(40,312)
Interest on debenture	15,000	10,295	30,000	20,295
Accretion on liability portion of debenture	<u>4,762</u>	<u>-</u>	<u>9,297</u>	<u>8,420</u>
(Loss) before taxes	<u>(189,230)</u>	<u>(27,210)</u>	<u>(372,194)</u>	<u>(69,027)</u>
Withholding taxes	<u>6,813</u>	<u>7,834</u>	<u>11,158</u>	<u>10,554</u>
(Loss) for the period and comprehensive loss	<u>\$ (196,043)</u>	<u>\$ (35,044)</u>	<u>\$ (383,352)</u>	<u>\$ (79,581)</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	76,543,807	66,543,807	76,543,807	66,543,807
Diluted	76,543,807	66,543,807	76,543,807	66,543,807

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Interim Consolidated Statements of Cash Flows
(Unaudited)
For the 3 and 6 month periods ended April 30, 2019 and 2018

	three months ending		six months ending	
	30-Apr-19	30-Apr-18	30-Apr-19	30-Apr-18
Cash provided by (used in):				
Operating activities:				
Income (Loss) for the period	\$ (196,043)	\$ (35,044)	\$ (383,352)	\$ (79,581)
Adjustments to reconcile the loss for the period to net cash flows from operating activities:				
Depreciation	1,294	340	2,696	783
Stock-based compensation	44,550	5,000	83,496	10,915
Accretion on liability portion of debenture	4,762	-	9,297	8,420
Interest income	(1,913)	(10)	(2,710)	(18)
Change in non-cash working capital	(986)	(2,781)	(58,626)	(34,519)
	(148,336)	(32,495)	(349,199)	(94,000)
Interest income received	1,913	10	2,710	18
	(146,423)	(32,485)	(346,489)	(93,982)
Financing activities:				
Proceeds from guaranteed investment certificate	200,000		350,000	
Purchase of capital assets	(3,845)	(635)	(5,245)	(2,395)
Increase (decrease) in cash	49,732	(33,120)	(1,734)	(96,377)
Cash and cash equivalents, beginning of period	62,294	175,319	113,760	238,576
Cash and cash equivalents, end of period	\$ 112,026	\$ 142,199	\$ 112,026	\$ 142,199
Cash and cash equivalents comprise:				
Demand deposits	\$ 350,000	\$ -		
Cash	112,026	142,199		
	\$ 462,026	\$ 142,199		

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