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## *01 Communique Provides a Corporate Update and Announces its Third Quarter Fiscal 2019 Results*

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**TORONTO, ON – September 30, 2019.** 01 Communique Laboratory Inc. (the "Company") (ONE:TSX-V) today reported results for its third quarter of fiscal 2019, which ended July 31, 2019. The loss for the quarter was \$168,899 (2018 - \$78,948) an increase of \$89,951. This is a result of the investment the Company made in developing its Post-Quantum Cryptography ("PQ-Crypto") technology, completing the IronCAP Application Program Interface ("API") allowing vendors the opportunity to incorporate this technology in their products as well as getting ready for the commercial launch of the first of many end user products incorporating this technology, IronCAP X later this year. The Company has completed the period with \$698,038 of cash and cash equivalents and a guaranteed investment certificate.

"I am pleased with the significant progress we made over the past several months," said Andrew Cheung, President and CEO for 01 Communique. "We have completed the IronCAP API and started making it available to vendors. We were recognized by the CIOReview Magazine as editor's choice for the most promising quantum computing solution provider. Looking forward to Q4, we plan on conducting an independent security assessment of our PQ-Crypto technology followed with the hosting of a bounty contest challenging the world to see if anyone can break our technology. We are also planning the commercial launch of IronCAP X, which we believe is the world's first quantum-safe email encryption system."

### **Highlights:**

- Major achievements over the past several months:
  - IronCAP was selected as the Editor's Choice Award in a special "Quantum Computing" edition of the CIOReview magazine. CIO Review profiled the "10 Most Promising Quantum Computing Solution Providers" of 2019, and selected IronCAP as the Editor's choice. The editor's choice highlights IronCAP just as the market prepares for quantum computing's arrival known as "quantum advantage".
  - In August we made the IronCAP API available to vendors allowing them the ability to incorporate our technology with their products to build highly secure "post-quantum" systems for blockchain, 5G/IoT, data storage, remote access/VPN, encryption, digital signing etc. using the standard PKCS#11 and OpenPGP formats.
  - We are on schedule for commercial release of IronCAP X later this year. Incorporating the IronCAP post-quantum cryptographic system it is believed to be the world's first quantum-safe email encryption system. The system was demonstrated earlier this year at the Company's shareholder meeting showing how easy it is to send and receive an email that encapsulates IronCAP quantum-safe encryption and digital signing system, providing an end-to-end encrypted message that only the recipient can decrypt and read.
  - We launched a new web site to showcase our IronCAP technology ([www.ironcap.ca](http://www.ironcap.ca)). 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 engaged the services of an experienced marketing person to lead the roll out of the IronCAP products and services and is in advanced stages of discussion with an experienced business development person to forge alliances to derive revenue from these products and services.
  - Business development meetings are progressing with several leading technology firms with respect to licensing IronCAP Crypto (ICC) and IronCAP X.

- Assembled the basis of a world class development team and 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.
- 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.
- Strengthening the balance sheet:
  - As previously announced on July 29th, to complete development and effectively launch the IronCAP API and IronCAP X as well as bring on board experienced sales and marketing personnel, the Company completed a private placement raising gross proceeds of \$437,000. Pursuant to the offering the Company issued 3,641,665 units ("Units") at a per Unit price of \$0.12, with each Unit consisting of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable for the purchase of one common share of the Company at a per share price of \$0.15 for a period of 24 months from the date of closing of the private placement.
  - 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 April 24, 2020 (prior to the amendment it was September 10, 2019).
- Grant of stock options:
  - On September 30, 2019 pursuant to its stock option plan the Company granted stock options to certain directors and executives of the Company to purchase up to an aggregate of 790,000 common shares in the Company. The options were granted on September 30, 2019 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 March 31, 2020 and 50% vesting on September 30, 2020. The options, and the shares issuable upon exercise, will be subject to applicable securities and regulatory laws.

#### **About IronCAP:**

IronCAP at the forefront of the cyber security market 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 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, recently released, 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 in the future from quantum computers.

#### **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](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**  
**Interim Consolidated Statements of Financial Position**  
**(Unaudited)**  
**As at July 31, 2019 and December 31, 2018**

	31-July-19	31-Oct-18
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 498,038	\$ 113,760
Guaranteed investment certificate	200,000	700,000
Accounts receivable	88,707	62,696
Prepaid expenses and other assets	16,480	6,275
	<u>803,225</u>	<u>882,731</u>
Plant and equipment	17,393	16,085
	<u>\$ 820,618</u>	<u>\$ 898,816</u>
<b>Liabilities &amp; Shareholders' Deficit</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 523,117	\$ 584,552
Deferred revenue	10,334	8,455
Liability component of debenture	388,031	390,733
	<u>921,482</u>	<u>983,740</u>
<b>Shareholders' equity</b>		
Share capital	41,403,310	41,186,529
Contributed surplus	5,642,523	5,511,832
Share purchase warrants	581,575	417,700
Agent compensation options	124,164	99,200
Deficit	(47,852,436)	(47,300,185)
	<u>(100,864)</u>	<u>(84,924)</u>
Total liabilities and shareholders' deficit	<u>\$ 820,618</u>	<u>\$ 898,816</u>

**01 Communicque Laboratory Inc.**  
**SELECTED FINANCIAL INFORMATION**  
**Interim Consolidated Statements of Operations and Comprehensive Income**  
**(Unaudited)**  
**For the 3 and 9 month periods ended July 31, 2019 and 2018**

	<i>for the 3 months ending</i>		<i>for the 9 months ending</i>	
	<u>31-Jul-19</u>	<u>31-Jul-18</u>	<u>31-Jul-19</u>	<u>31-Jul-18</u>
Revenue	\$ 77,555	\$ 45,439	\$ 202,275	\$ 154,092
Expenses (income):				
Selling, general and administrative	122,520	77,893	403,669	167,935
Research and development	99,862	23,580	279,040	82,522
Interest	<u>(2,184)</u>	<u>(23)</u>	<u>(4,894)</u>	<u>(41)</u>
	<u>220,197</u>	<u>101,450</u>	<u>677,814</u>	<u>250,415</u>
Loss before interest and accretion on liability component of debenture and taxes	\$ (142,642)	\$ (56,011)	\$ (475,539)	\$ (96,323)
Interest on debenture	15,000	15,000	45,000	35,295
Accretion on liability portion of debenture	<u>4,114</u>	<u>4,114</u>	<u>13,411</u>	<u>12,534</u>
(Loss) before taxes	<u>\$ (161,756)</u>	<u>\$ (75,125)</u>	<u>\$ (533,950)</u>	<u>\$ (144,152)</u>
Withholding taxes	<u>7,143</u>	<u>3,823</u>	<u>18,301</u>	<u>14,377</u>
(Loss) for the period and comprehensive loss	<u>\$ (168,899)</u>	<u>\$ (78,948)</u>	<u>\$ (552,251)</u>	<u>\$ (158,529)</u>
Basic	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares				
Basic	76,624,733	66,543,807	76,563,386	66,543,807
Diluted	76,624,733	66,543,807	76,563,386	66,543,807

**01 Communique Laboratory Inc.**  
**SELECTED FINANCIAL INFORMATION**  
**Interim Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**For the 3 and 9 month periods ended July 31, 2019 and 2018**

	<i>three months ending</i>		<i>nine months ending</i>	
	<u>31-Jul-19</u>	<u>31-Jul-18</u>	<u>31-Jul-19</u>	<u>31-Jul-18</u>
Cash provided by (used in):				
Operating activities:				
Income (Loss) for the period	\$ (168,899)	\$ (78,948)	\$ (552,251)	\$ (158,529)
Adjustments to reconcile the loss for the period to net cash flows from operating activities				
Depreciation	1,241	282	3,937	1,065
Stock-based compensation	31,082	11,884	114,578	22,799
Accretion on liability portion of debenture	4,114	4,114	13,411	12,534
Interest income	(2,184)	(23)	(4,894)	(41)
Change in non-cash working capital	(37,146)	(4,847)	(95,772)	(39,366)
	<u>(171,792)</u>	<u>(67,538)</u>	<u>(520,991)</u>	<u>(161,538)</u>
Interest income received	2,184	23	4,894	41
	<u>(169,608)</u>	<u>(67,515)</u>	<u>(516,097)</u>	<u>(161,497)</u>
Financing activities:				
Proceeds from guaranteed investment certificate	150,000		500,000	
Private placement	405,620		405,620	-
Investing activities:				
Purchase of capital assets	-	(692)	(5,245)	(3,087)
Increase (decrease) in cash	<u>386,012</u>	<u>(68,207)</u>	<u>384,278</u>	<u>(164,584)</u>
Cash and cash equivalents, beginning of period	<u>112,026</u>	<u>142,199</u>	<u>113,760</u>	<u>238,576</u>
Cash and cash equivalents, end of period	<u>\$ 498,038</u>	<u>\$ 73,992</u>	<u>\$ 498,038</u>	<u>\$ 73,992</u>
Cash and cash equivalents comprise:				
Demand deposits	\$ 200,000	\$ -		
Cash	<u>298,038</u>	<u>73,992</u>		
	<u>\$ 498,038</u>	<u>\$ 73,992</u>		

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