



01 Communique Announces its Fourth Quarter Fiscal 2018 Results and Provides an Update on Operations

TORONTO, ON – December 20, 2018. 01 Communique Laboratory Inc. (ONE:TSX-V) today announced results for its fourth quarter fiscal 2018, which ended October 31, 2018. The Company's loss for the fourth quarter 2018 was \$229,095 (2017 - \$13,136) and for the 2018 fiscal year a loss of \$387,624 (2017 - \$24,908). We completed the year with \$813,760 of cash and cash equivalents and guaranteed investment certificate.

"Fiscal 2018 was a significant year for us as we transitioned into a technology solution provider of cyber security. With our innovative Post-Quantum Cryptography ("PQ-Crypto") and Post-Quantum Blockchain ("PQBC") technologies our clients' data will not only be safe today but will also be protected against future vulnerabilities arising from new technologies such as quantum computing and blockchains," said Andrew Cheung, President and CEO for 01 Communique. "We made inroads in our new direction during the year. I have outlined a number of initiatives below that I believe will be instrumental in helping us complete commercial development of our PQ-Crypto and PQBC technologies as well as develop strategic partnerships to assist us in our plan to grow our business."

Initiatives in the development of our PQBC and PQ-Crypto technologies:

- In this new development we entered into a Memorandum of Understanding with Hitachi Solutions Create, Ltd. to undertake a market feasibility study in Japan with respect to our PQ-Crypto and PQBC technologies and their impact on the various markets in Japan.
- To assist us in achieving our objectives we strengthened our balance sheet completing a private placement raising net cash proceeds, after deducting cash expenses of \$147,048 relating to the financing, of \$852,952.
- We strengthened our technology leadership in our new undertaking with the addition of two new board members, Ms. Jane Yang who has extensive experience in Blockchain technology and Ms. Joanna Ng who founded Devarim Design an AI tech company focusing on providing users augmented cognitive assistance by integrating Blockchain, Artificial Intelligence and IoT using Design Thinking methodology.
- In addition, we added new members to the development team, entering into agreements with several leading experts in Blockchain technology to assist in the development of our PQ-Crypto and PQBC technologies.

An update on the Company's financial results follows:

Revenue for the fourth quarter 2018 was \$48,875 (2017 - \$119,625) a decrease of \$70,750. In 2017 there was a one-time payment received for past royalties received from third parties for the sale of DoMobile in Japan by Hitachi Solutions Create Ltd. and contract engineering fees received for enhancements made to DoMobile for Japan.

Cash operating expenses, which exclude stock based compensation and depreciation, for the fourth quarter 2018 were \$225,952 (2017 - \$100,339) an increase of \$125,613 primarily a result of an increase of \$69,661 in research and development expenses related to the development of our PQ-Crypto and PQBC technologies and an increase of \$55,952 in selling, general and administrative expenses primarily related to compensation and professional fees.

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.

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 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. 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.

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01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Financial Position
As at October 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 113,760	\$ 238,576
Guaranteed investment certificate	700,000	-
Accounts receivable	62,696	28,077
Prepaid expenses and other assets	6,275	6,281
Total current assets	882,731	272,934
Property and equipment	16,085	2,477
Total assets	\$ 898,816	\$ 275,411
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 584,552	\$ 498,295
Deferred revenue	8,455	10,899
Liability component of debenture	390,733	391,580
Total current liabilities	983,740	900,774
Shareholders' deficit:		
Share capital	41,186,529	40,832,777
Contributed surplus	5,511,832	5,407,310
Warrants	417,700	47,111
Agent's compensation options	99,200	-
Deficit	(47,300,185)	(46,912,561)
Total shareholders' deficit	(84,924)	(625,363)
Total liabilities and shareholders' deficit	\$ 898,816	\$ 275,411

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Operations and Comprehensive Income
For the 3 and 12 month periods ended October 31, 2018 and 2017

	3 months ending		fiscal year ending	
	<u>31-Oct-18</u>	<u>31-Oct-17</u>	<u>31-Oct-18</u>	<u>31-Oct-17</u>
Revenue	\$ 48,875	\$ 119,625	\$ 202,967	\$ 503,987
Expenses:				
Selling, general and administrative	138,466	60,653	306,401	258,255
Research and development	<u>122,379</u>	<u>52,718</u>	<u>204,900</u>	<u>172,716</u>
	<u>260,845</u>	<u>113,371</u>	<u>511,301</u>	<u>430,971</u>
Profit (loss) before accretion on liability component of debenture and interest, and other income and taxes	\$ (211,970)	\$ 6,254	\$ (308,334)	\$ 73,016
Interest on debenture	15,000	10,000	50,295	40,000
Accretion on liability portion of debenture	<u>4,319</u>	<u>4,515</u>	<u>16,853</u>	<u>17,104</u>
Profit (loss) before other income and taxes	<u>\$ (231,289)</u>	<u>\$ (8,261)</u>	<u>\$ (375,482)</u>	<u>\$ 15,912</u>
Foreign exchange gain	(5,069)	(5,073)	(5,069)	(5,073)
Interest income	<u>(1,169)</u>	<u>(7)</u>	<u>(1,210)</u>	<u>(41)</u>
Profit (loss) before taxes	<u>(225,051)</u>	<u>(3,181)</u>	<u>(369,203)</u>	<u>21,026</u>
Withholding taxes	<u>4,044</u>	<u>9,955</u>	<u>18,421</u>	<u>45,934</u>
Profit (loss) for the period and comprehensive loss	<u>\$ (229,095)</u>	<u>\$ (13,136)</u>	<u>\$ (387,624)</u>	<u>\$ (24,908)</u>
Basic loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares				
Basic	70,326,416	66,543,807	67,749,286	66,543,807
Diluted	70,326,416	66,543,807	67,749,286	66,543,807

01 Communique Laboratory Inc.
SELECTED FINANCIAL INFORMATION
Consolidated Statements of Cash Flows
For the 3 and 12 month periods ended October 31, 2018 and 2017

	3 months ending		fiscal year ending	
	31-Oct-18	31-Oct-17	31-Oct-18	31-Oct-17
Cash provided by (used in):				
Operating activities:				
Income (Loss) for the period	\$ (229,095)	\$ (13,136)	\$ (387,624)	\$ (24,908)
Adjustments to reconcile the loss for the period to net cash flows from operating activities:				
Depreciation	281	377	1,346	2,420
Stock-based compensation	34,612	12,655	57,411	96,155
Accretion on liability portion of debenture	4,319	4,515	16,853	17,104
Interest income	(1,169)	(7)	(1,210)	(41)
Change in non-cash working capital	88,566	(8,541)	49,200	(24,687)
	(102,486)	(4,137)	(264,024)	66,043
Interest income received	1,169	7	1,210	41
Total cash provided by (used in) operations	(101,317)	(4,130)	(262,814)	66,084
Financing activities:				
Proceeds from private placement	1,000,000	-	1,000,000	-
Cash issuance costs	(147,048)	-	(147,048)	-
Total cash provided by financing activities	852,952	-	852,952	-
Investing activities:				
Purchase of capital assets	(11,867)	(932)	(14,954)	(932)
Purchase of guaranteed investment certificate	(700,000)	-	(700,000)	-
	(711,867)	(932)	(714,954)	(932)
Increase (decrease) in cash	39,768	(5,062)	(124,816)	65,152
Cash and cash equivalents, beginning of period	73,992	243,638	238,576	173,424
Cash and cash equivalents, end of period	\$ 113,760	\$ 238,576	\$ 113,760	\$ 238,576

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