



01 Communique Laboratory Inc.

Management's Discussion and Analysis

For the year ended October 31, 2018

ONE : TSX-V

Dated: December 19, 2018

01 COMMUNIQUE LABORATORY INC.

Management Discussion and Analysis
(In Canadian dollars)

Years ended October 31, 2018 and 2017

1. Introduction:

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") has been prepared by management and is a review of the consolidated operating results and financial position of 01 Communique Laboratory Inc. ("01 Communique" or the "Company"), based upon International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and notes to the audited consolidated financial statements as at and for the year ended October 31, 2018.

The Company maintains appropriate systems of internal control, policies, and procedures that provide management reasonable assurance that assets are safeguarded and that its financial information is reliable.

This document and the related audited consolidated financial statements were authorized for issue by the board of directors on December 19, 2018.

All amounts are expressed in Canadian dollars unless otherwise stated. This MD&A is effective as of December 19, 2018.

Additional information on the Company, including its audited consolidated financial statements, is filed on SEDAR.

2. Forward-looking statements:

This MD&A contains certain statements that 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. 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 MD&A. 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, risk factors discussed in this MD&A. Although the forward-looking statements contained in this MD&A 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

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2. Forward-looking statements (continued):

forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

3. Corporate overview:

As announced on June 21, 2018 the Company is transitioning its business and focusing on the development and commercialization of Post-Quantum Cryptography ("PQ-Crypto") and Post-Quantum Blockchain ("PQBC") technologies. In summary our vision in this respect is to commercialize our PQ-Crypto and PQBC technologies, which can be implemented on classical computer systems as we know them today while at the same time be secure enough to safeguard against potential Quantum Computer attacks.

The Company's legacy business operates in the remote access market, developing and marketing a suite of products to meet the needs of mobile users who have a requirement for remote access, remote support and/or online meetings. The Company's legacy products are marketed under its I'm InTouch, I'm OnCall or I'm InTouch Meeting product lines. The Company has a number of patents and patent applications. The Company's intellectual property is incorporated in these product and service offerings and is protected, in part, by its patents, as follows:

- United States patent number 6,928,479 (the " '479 Patent") entitled "System, computer product and method for providing a private communication portal";
- United States patent number 6,938,076 entitled "System, computer product and method for interfacing with a private communication portal from a wireless device";
- United States patent number 8,234,701 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,524,039 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,309,398, entitled "A system, computer product and method for remotely accessing and controlling a networked computer";
- Japanese patent number 4,875,094 entitled (as translated) "Method of accessing and/or controlling target computer, involves directing proxy server to send digital signal to target computer, so that remote computer is permitted to access/control target computer on receipt of digital signal";

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3. Corporate overview (continued):

- Japanese patent number 5,832,027 entitled (as translated) "Private communication portal provision system for two-way pager network, has location facility computer for facilitating communication between two other computers"; and
- United States patent application No. 14/486492 entitled "System, computer product and method for implementing a cloud service with private storage"

4. Conclusion of Patent Lawsuit:

In February 2006, the Company commenced a lawsuit in the United States District Court, Northern District of Ohio, Eastern Division, against Citrix Systems Inc. ("Citrix") alleging infringement by their GoToMyPC product line of the '479 Patent. On January 11, 2016 a jury trial commenced in the lawsuit with the jury reaching and returning a unanimous verdict on January 19, 2016. The Court entered Judgment as follows:

1. Defendants Citrix have not infringed claims 24 or 45 of 01 Communique's patent (United States Patent No. 6,928,479);
2. Claims 24 and 45 of United States Patent No. 6,928,479 are not invalid;
3. Plaintiff 01 Communique takes no damages from Citrix;
4. Except as set forth above or adjudicated through Summary Judgment, all other claims and counterclaims in this matter are dismissed;
5. Each party retains its right to, and does not waive its right to, file timely motions for renewed judgment as a matter of law, for new trial, for the award of attorneys' fees, for the award of costs, and to prosecute an appeal from any aspect of the case to the extent allowed by statute, the Federal Rules of Civil Procedure, and/or this Court.

We appealed this Judgment and on April 26, 2018 a decision was rendered by the United States Court of Appeals for the Federal Circuit ("Federal Circuit") in respect of our appeal affirming the district court's finding that Citrix does not infringe our patent (Patent Nos. 6,928,479) After careful consideration, we have concluded that it is not in our favor to proceed any further on this matter. This brings this lawsuit to a conclusion.

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5. Going concern:

As at October 31, 2018 the Company reported a working capital deficiency of \$101,009 (2017 – \$627,840). In addition to the working capital deficiency, the Company has sustained substantial losses and negative cash flows from operations in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing.

Management's plan to reduce the operating loss and ultimately become profitable and produce positive cash flows from operations is heavily dependent on: (i) a successful outcome from its strategic initiatives to realize monetary value from future product development; (ii) increasing product and service revenue from its I'm InTouch product offering through downloads from the Company's web site; and (iii) its relationship with a key customer Hitachi Solutions Create, Ltd. ("Hitachi Solutions Create"). However, there can be no assurances the Company will be successful on any of these three initiatives. Should the Company not be able to generate sufficient cash flows from any combination of these three initiatives to become profitable in the future and generate sufficient working capital to fund operations as well as discharge its current working capital deficiency, then it will become necessary to secure additional sources of financing; however, there can be no assurances that any such financing will be available to the Company or that such funds will be available on acceptable terms and within an acceptable period of time.

The outcome of these matters, which cannot be predicted at this time, represents a material uncertainty which may cast significant doubt with regard to the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

The three initiatives identified above and associated risks are explained below.

(i) Successful outcome from its strategic initiatives to realize monetary value from future product development.

We are implementing a plan to transition our focus and strategy to the development of Post-Quantum Cryptography ("PQ-Crypto") and Post-Quantum Blockchain ("PQBC") technologies.

Blockchain is a decentralized, digitized, public ledger of all transactions, using what is known as Distributed Ledger Technology. In recent years Blockchain technology has garnered significant attention because it has successfully raised the bar for cyber security. This is due to the fact that corrupting or altering any piece of information on the Blockchain is generally considered to be a

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5. Going concern (continued):

remote possibility as it would require vast amounts of computing power. The reason for this is that data blocks in a Blockchain are digitally signed with private keys and the signatures can only be validated using their corresponding public keys. Using the existing classical computer systems of today it is unlikely they would be able to get a private key from its corresponding public key.

However, there is a new breed of computer in development called Quantum Computers which may threaten the security of current Blockchain technology. A Quantum Computer can process information exponentially faster than “classical computers” which could render existing public key encryption unsecure. Since public key encryption is a cornerstone of cyber security today, Quantum Computers may have the ability to break Blockchains based on public key encryption. As a result, over the last year the Company has devoted a significant amount of time researching this new disruptive cyber security technology and based on this research we are proceeding with the development of a Post-Quantum Blockchain that we believe may be secure against Quantum Computer attacks.

There can be no guarantee that either the development of or commercialization of the Company's PQBC and PQ-Crypto technologies will be successful or lead to significant revenues for the Company.

(ii) Building direct sales subscriptions from on-line initiatives.

The Company has developed and markets through its web site a suite of products designed to meet the needs of mobile users who have a requirement for remote access, remote support and/or online meetings. These products are marketed under the Company's I'm InTouch, I'm OnCall or I'm InTouch Meeting product lines and are available by a simple download from the Company's web site.

The Company has expended considerable resources in developing these products and building a direct sales channel to market I'm InTouch, I'm InTouch Meeting and I'm OnCall. To date these initiatives have not generated sufficient revenue for the Company to become profitable. As the Company moves forward, it plans to maintain its products and make them available from the Company's web site. There can be no assurance that sufficient revenue will be generated from this on-line initiative in the future to allow the Company to become profitable and produce positive cash flow from operations.

(iii) Build licensing revenue from the Hitachi Solutions Create relationship.

The Company has formed a relationship with Hitachi Solutions Create whereby the companies have co-developed products for the Japanese market based on the Company's intellectual

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5. **Going concern (continued):**

property portfolio. Hitachi Solutions Create retains exclusivity for marketing these products in Japan and the Company retains its marketing rights for the rest of the world.

There can be no guarantee that this relationship will lead to significant revenues for the Company, or that the relationship will lead to other business opportunities which the Company is trying to secure.

The Company is providing support as requested and now awaits the results from Hitachi Solutions Create's sales activities.

6. **Completion of Private Placement:**

On September 18, 2018 the Company closed a private placement of units raising gross proceeds of \$1,000,000.

Pursuant to the offering the Company issued 10,000,000 units ("Units") at a per Unit price of \$0.10, 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.

In June 2018 the Company announced its focus on Post-Quantum Cryptography ("PQ-Crypto") and Post-Quantum Blockchain ("PQBC") technologies. The proceeds raised from the private placement will be used by the Company for completing commercial development of PQ-Crypto and PQBC technologies, to develop strategic partnerships, and for general working capital purposes. All securities issued under the private placement are subject to a hold period of four months and one day from the date of closing in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

Richardson GMP Limited ("RGMP"), with offices in Vancouver, British Columbia, acted as exclusive agent to sell the Units on a commercially reasonable basis. In consideration for the services of RGMP, RGMP received: (i) a cash commission equal to 8% of the gross proceeds raised; (ii) compensation options to acquire that number of Units as is equal to 8% of the total number of Units sold under the offering, exercisable at a per Unit price of \$0.10 for a period of 24 months from the date of closing of the offering; (iii) a corporate finance fee of \$20,000; and (iv) reimbursement of its expenses.

Further, for a period of one year from the date of closing of the offering, the Company has granted RGMP the exclusive right and opportunity to lead any offering of securities by the Company to be

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6. Completion of Private Placement (continued):

issued and sold to the public in Canada by private placement or public offering or to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer.

7. Overview of results of operations:

The information in the financial table below present selected financial information for the three years ended October 31, 2018, 2017 and 2016. Information has been prepared in accordance with IFRS. The amounts are in Canadian Dollars.

<u>Selected Financial Information</u>	<i>Fiscal 2018</i>	<i>Fiscal 2017</i>	<i>Fiscal 2016</i>
Revenue	\$ 202,967	\$ 503,987	\$ 65,361
Expenses (income):			
Selling, general and administration	306,401	258,255	637,138
Research and development	204,900	172,716	310,163
	511,301	430,971	947,301
Profit (loss) before accretion on liability component of debenture, interest and other income and taxes	(308,334)	73,016	(881,940)
Interest on debenture	50,295	40,000	40,000
Accretion on liability component of debenture	16,853	17,104	14,762
Profit (loss) before other income and taxes	\$ (375,482)	\$ 15,912	\$ (936,702)
Foreign exchange gain (loss)	5,069	5,073	(6,714)
Interest income	1,210	41	2,135
Profit (loss) before taxes	(369,203)	21,026	(941,281)
Withholding taxes	18,421	45,934	2,646
Loss for the year and comprehensive loss	\$ (387,624)	\$ (24,908)	\$ (943,927)
Loss per common share			
Basic	\$ (0.01)	\$ (0.00)	\$ (0.01)
Diluted	\$ (0.01)	\$ (0.00)	\$ (0.01)
Total assets, end of year	\$ 898,616	\$ 275,411	\$ 212,060
Cash, cash equivalents and guaranteed investment certificates, end of year	\$ 813,760	\$ 238,576	\$ 173,424

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7. Overview of results of operations:

The loss and comprehensive loss for fiscal 2018 was \$387,624 an increase of \$362,716 from the loss of \$24,908 in 2017 and a reduction of \$556,303 from the loss of \$943,927 in 2016. The major reasons for the variance in the loss for fiscal years 2016 through 2018 are as follows:

- (a) Revenue in 2017 includes the results from a co-development agreement signed with Hitachi Solutions Create to enhance DoMobile a remote access offering built on the Company's I'm InTouch platform and marketed exclusively in Japan by Hitachi Solutions Create under agreement with the Company. The Company completed development and recognized revenue in 2017 resulting from these development efforts. In addition to the revenue from this co-development agreement the Company also received royalties for the Company's share of revenue received from third parties for the sale of DoMobile in Japan by Hitachi Solutions Create. Revenue in 2018 includes the ongoing royalty revenue from Hitachi Solutions Create.
- (b) Operating expenses in fiscal 2017 were \$430,971 a \$516,330 reduction from \$947,301 in fiscal 2016. In January 2016 the Company reduced operating expenses significantly as it prepared to work through the appeal process in its patent lawsuit against Citrix which was brought to a conclusion on April 26, 2018. With the lawsuit concluded the Company is implementing a plan to transition our focus and strategy to the development of our PQ-Crypto and PQBC technologies. In fiscal 2018 operating expenses increased from fiscal 2017 as we invested in the development of our PQ-Crypto and PQBC technologies.
- (c) Cash, cash equivalents and guaranteed investment certificates as at October 31, 2018 were \$813,760 (2017 - \$238,576 and 2016 - \$173,424) an increase of \$575,184 during fiscal 2018 and \$65,152 during 2017.
 - i) The increase of \$575,184 in fiscal 2018 is the net result of funding the Company's adjusted loss of \$328,867 and the Company completing a private placement on September 18, 2018 raising cash, net of cash expenses, of \$852,952.
 - ii) The Company's operations produced an adjusted profit for fiscal 2017 of \$73,667 accounting for most of the \$65,152 increase in cash and cash equivalents during 2017.

8. Use of non-IFRS terms:

- (a) In the Company's financial reporting, reference is made to cash operating expenses, which is a non-IFRS term. This term does not have a standardized meaning under IFRS and therefore it is unlikely it will be comparable to similar measures by other companies. Cash operating expenses are operating expenses excluding the non-cash operating expenses of stock based compensation, depreciation and amortization. This measure is used to assist in monitoring cash expenses of the Company as it is an indication of the amount of expenses required to

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8. Use of non-IFRS terms (continued):

fund the Company's operations on a cash basis. Stock based compensation is a non cash expense and is largely dependent on the accounting assumptions and methods used for the calculation. The table below summarizes cash operating expenses.

	For the year ended		
	31-Oct-18	31-Oct-17	Increase (decrease)
Total operating expenses	\$ 511,301	\$ 430,971	\$ 80,330
Less - Stock based compensation	(57,411)	(96,155)	(38,744)
Depreciation and amortization	(1,346)	(2,420)	(1,074)
Cash operating expenses	\$ 452,544	\$ 332,396	\$ 120,148

Cash operating expenses for fiscal 2018 were \$452,544 (2017 - \$332,396) a \$120,148 increase primarily a result of our investment in the development of our PQ-Crypto and PQBC technologies.

(b) In the Company's financial reporting, reference is made to adjusted loss, which is a non-IFRS term. This term does not have a standardized meaning under IFRS and therefore it is unlikely it will be comparable to similar measures by other companies. The adjusted loss is the loss for the period and comprehensive loss excluding non-cash operating expenses and is indicative of the loss for the period excluding non cash operating expenses which are stock based compensation, and depreciation and amortization. This measure is used to assist in monitoring cash requirements of the Company as it is an indication of the amount of cash required to fund the Company's operations, on a cash basis. Stock based compensation is a non cash expense and is largely dependent on the accounting assumptions and methods used for the calculation. The table below summarizes the adjusted loss.

	For the year ended		
	31-Oct-18	31-Oct-17	Increase (decrease)
Profit (Loss) for the period and comprehensive profit (loss)	\$ (387,624)	\$ (24,908)	\$ (362,716)
Less: non cash operating expenses	(58,757)	(98,575)	39,818
Adjusted Profit (Loss) for the period	\$ (328,867)	\$ 73,667	\$ (402,534)

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8. Use of non-IFRS terms (continued):

The loss and comprehensive loss for fiscal 2018 of \$387,624 (2017 – \$24,908) includes a deduction for non-cash expenses of \$58,757 (2017 - \$98,575). Excluding these non-cash operating expenses, which are included in operating expenses, the adjusted loss for fiscal 2018 becomes \$328,867 (2017 – profit of \$73,667).

9. Results of operations:

Revenue

	For the year ended		
	31-Oct-18	31-Oct-17	Decrease
United States	\$ 18,451	\$ 19,744	\$ (1,293)
Canada	12,306	12,763	(457)
Japan	172,210	471,480	(299,270)
	<u>\$ 202,967</u>	<u>\$ 503,987</u>	<u>\$ (301,020)</u>

Revenue for fiscal 2018 was \$202,967 (2017 - \$503,987) a decrease of \$301,020. 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 and contract engineering fees received for enhancements made to DoMobile for Japan. Revenue in 2018 includes the ongoing royalty revenue from Hitachi Solutions Create.

Gross profit

The vast majority of the Company's products sold are software based, which typically have a high gross margin. The gross margin for the three months ended July 31, 2018 and 2017 were 100%.

Selling, general and administration ("SG&A")

	For the year ended		
	31-Oct-18	31-Oct-17	Increase (decrease)
Selling, general and administration	\$ 306,401	\$ 258,255	\$ 48,146
less: stock-based compensation	(57,411)	(96,155)	(38,744)
	<u>\$ 248,990</u>	<u>\$ 162,100</u>	<u>\$ 86,890</u>

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9. Results of operations (continued):

SG&A expenses, net of stock based compensation for fiscal 2018 were \$248,990 (2017 - \$162,100) an increase of \$86,890 primarily a result of an increase in expenses pertaining to general corporate and administrative expenses.

Research and development

	For the year ended		
	31-Oct-18	31-Oct-17	Increase
Research and development	\$ 204,900	\$ 172,716	\$ 32,184

Research and development expenses for fiscal 2018 were \$204,900 (2017 - \$172,716) an increase of \$32,184. The increase in research and development expenses relates to the Company's product development efforts as we invest in the development of our PQ-Crypto and PQBC technologies.

10. Operating expenses:

The Company presents a functional consolidated statement of operations and comprehensive income in which expenses are aggregated according to the function to which they relate. The Company has identified the major functions as selling, general and administrative expenses; and research and development expenses. The following tables present the expenses based on their nature:

Year ending 31-Oct-18	Selling, general & administrative	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 83,274	\$ 147,516	\$ 230,790
Stock-based compensation	57,411	-	57,411
Other operating expenses	165,716	57,384	223,100
	<u>\$ 306,401</u>	<u>\$ 204,900</u>	<u>\$ 511,301</u>

Year ending 31-Oct-17	Selling, general & administrative	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 25,041	\$ 137,093	\$ 162,134
Stock-based compensation	96,155	-	96,155
Other operating expenses	137,059	35,623	172,682
	<u>\$ 258,255</u>	<u>\$ 172,716</u>	<u>\$ 430,971</u>

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10. Operating expenses (continued):

Operating expenses for fiscal 2018 were \$511,301 (2017 - \$430,971) an increase of \$80,330. Salaries, contractors, commissions and benefits were \$230,790 (2017 - \$162,134) an increase of \$68,656. The majority of this increase is a result of the increase in product development relating to the Company's product development efforts as we invest in the development of our PQ-Crypto and PQBC technologies.

Other operating expenses required to run the business were \$223,100 (2017 - \$172,682) an increase of \$50,418 primarily a result of an increase in expenses pertaining to general corporate and administrative expenses.

The Company's directors, executive management and consultants receive stock options under the Company's rolling stock option plan. There were 1,970,000 stock options granted during the year at an average exercise price of \$0.07. The average grant date fair value of options granted during the year was \$0.066 (2017 - \$0.034). The fair value of each option granted has been estimated on the date of grant using the Black-Scholes fair value option-pricing model with the following weighted average assumptions used for grants for the year ended October 31, 2018: dividend yield of nil (2017 - nil), expected volatility of between 169% and 194% (2017 - 147%), weighted average risk-free interest rate of 2.25% (2017 - 1.5%) and expected lives of between eighteen months and five years (2017 - four years). Stock options expense for the year ended October 31, 2018 was \$57,411 (2017 - \$96,155).

11. Liquidity and capital resources:

	As at:	
	31-Oct-18	31-Oct-17
Cash and cash equivalents	\$ 113,760	\$ 238,576
Guaranteed investment certificate	700,000	-
Combined	<u>\$ 813,760</u>	<u>\$ 238,576</u>

Cash, cash equivalents and guaranteed investment certificates were \$813,760 as at October 31, 2018 compared to \$238,576 as at October 31, 2017 an increase of \$575,184.

The increase of \$575,184 is primarily the net result of the Company funding its adjusted loss for fiscal 2018 of \$328,867 which is offset by the completion of a private placement on September 18, 2018 raising cash, net of cash expenses, of \$852,952.

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11. Liquidity and capital resources (continued):

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

However, the Company has sustained substantial losses in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing, which would be contingent upon market and other conditions in the future, which are beyond the Company's control.

At October 31, 2018, the Company had financial assets held for trading of \$813,760 (2017 - \$238,576), loans and accounts receivables of \$62,696 (2017 - \$28,077), financial liabilities of \$975,285 (2017 - \$889,875), consisting of accounts payables and accrued liabilities and debentures. The Company has a \$400,000 debenture which is due April 24, 2019. The Company has split the debenture and warrant components of the debenture into the debt and equity components and recorded the debt component as a liability and the equity component as equity. The debenture's amortized cost as at October 31, 2018 is \$390,733 (2017 - \$391,580). The Company manages its liquidity risk by continuously monitoring forecast and actual cash flows.

The Company's long-term viability is dependent on its ability to generate future profitable operations and cash flows and/or obtain additional financing, which would be contingent upon market and other conditions in the future, which are beyond the Company's control (*see Section 5 – Going Concern*).

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12. Fourth quarter 2018 results:

	for the 3 months ending	
	31-Oct-18	31-Oct-17
Revenue	\$ 48,875	\$ 119,625
Expenses (income):		
Selling, general and administrative	138,466	60,653
Research and development	122,379	52,718
	<u>260,845</u>	<u>113,371</u>
Profit (loss) before accretion on liability component of debenture, interest and other income and taxes	<u>\$ (211,970)</u>	<u>\$ 6,254</u>
Interest on debenture	15,000	10,000
Accretion on liability portion of debenture	4,319	4,515
Profit (loss) before other income and taxes	<u>\$ (231,289)</u>	<u>\$ (8,261)</u>
Foreign exchange gain	(5,069)	(5,073)
Interest income	(1,169)	(7)
Profit (loss) before taxes	<u>(225,051)</u>	<u>(3,181)</u>
Withholding taxes	4,044	9,955
Profit (loss) for the period and comprehensive loss	<u>\$ (229,095)</u>	<u>\$ (13,136)</u>
Basic	\$ (0.003)	\$ (0.0002)
Diluted	\$ (0.003)	\$ (0.0002)
Weighted average number of common shares		
Basic	71,326,416	66,543,807
Diluted	71,326,416	66,543,807

The loss for the fourth quarter 2018 was \$229,095 (2017 - \$13,136) an increase of \$215,959, primarily a result of:

- Revenue for fourth quarter 2018 was \$48,875 (2017 - \$119,625) a decrease of \$70,750 primarily from revenue in Japan whereby in 2017 there was additional revenue received for software development contracts.

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12. Fourth quarter 2018 results (continued):

- Operating expenses for fourth quarter 2018 were \$260,845 (2017 - \$113,371) an increase of \$147,474. The Company is implementing a plan to transition our focus and strategy to the development of our PQ-Crypto and PQBC technologies. In fourth quarter 2018 operating expenses increased from 2017 as we invested in the development of our PQ-Crypto and PQBC technologies.

The cash operating expenses for the fourth quarter 2018 is shown in the table below:

	For the three months ended	
	31-Oct-18	31-Oct-17
Total operating expenses	\$ 260,845	\$ 113,371
Less - Stock based compensation	(34,612)	(12,655)
Depreciation and amortization	(281)	(377)
Cash operating expenses	<u>\$ 225,952</u>	<u>\$ 100,339</u>

Cash operating expenses were \$225,952 (2017 - \$100,339) an increase of \$125,613. There was an increase in salaries, contractors, commissions and benefits of \$93,556 which is a result of the increase in development for our PQ-Crypto and PQBC technologies. In addition, there was an increase in corporate and administrative expenses of \$32,057.

The adjusted loss for the fourth quarter 2018 is shown in the table below:

	For the three months ended	
	31-Oct-18	31-Oct-17
Profit (Loss) for the period and comprehensive profit (loss)	\$ (229,095)	\$ (13,136)
Less: non cash operating expenses	(34,893)	(13,032)
Adjusted Loss for the period	<u>\$ (194,202)</u>	<u>\$ (104)</u>

The adjusted loss for the fourth quarter 2018 was \$194,202 (2017 - \$104) an increase of \$194,098.

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12. Fourth quarter 2018 results (continued):

The following table presents the operating expenses for the quarter according to the function to which they relate:

Three Months ending 31-Oct-18	Selling, general & administrative	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 39,927	\$ 99,074	\$ 139,001
Stock-based compensation	34,612	-	34,612
Other operating expenses	63,927	23,305	87,232
	\$ 138,466	\$ 122,379	\$ 260,845

Three Months ending 31-Oct-17	Selling, general & administrative	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 11,217	\$ 34,228	\$ 45,445
Stock-based compensation	12,655	-	12,655
Other operating expenses	36,781	18,490	55,271
	\$ 60,653	\$ 52,718	\$ 113,371

Operating expenses for the fourth quarter 2018 were \$260,845 (2017 - \$113,371) an increase of \$147,474. This is primarily due to an increase in salaries, contractors, commissions and benefits of \$93,556, an increase in other expenses which are overhead expenses required to operate the business of \$31,961 and an increase in stock-based compensation, a non-cash expense, of \$21,957.

The table below presents the cash, cash equivalents and guaranteed investment certificate:

	As at:	
	31-Oct-18	31-Jul-18
Cash and cash equivalents	\$ 113,760	\$ 73,992
Guaranteed investment certificate	700,000	-
Combined	813,760	73,992

The combined amounts as at October 31, 2018 were \$813,760 (July 31, 2018 - \$73,992) an increase of \$739,768 primarily the net result of the following:

- Completion of a private placement on September 18, 2018 raising cash, net of cash expenses, of \$852,952.
- The Company used capital resources of \$194,202 to fund the Company's adjusted loss for the fourth quarter.

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13. Debenture:

The Company completed a financing which closed on April 24, 2015 and raised \$400,000, which comprises four (4) debenture units ("Debenture Units") which remain outstanding as amended, as at October 31, 2018. Each Debenture Unit consists of one secured debenture ("Debenture"), with a principal amount of \$100,000, and 200,000 common share purchase warrants ("Warrants"). The Debentures are secured by a general security agreement. On January 31, 2018, the Company entered into an agreement to amend the terms of the Debenture Units and the Warrants. As at October 31, 2018, the Company was in compliance with all covenants of the Debenture Units as amended.

The amendment was treated as a cancellation of the previous Debenture and Warrants and an issuance of a new Debenture and Warrants under the new terms. Prior to January 31, 2018, the date of amendment, each Debenture bore interest at a rate of 10% per annum, calculated and payable quarterly. The Debentures had a term of 36 months expiring on April 24, 2018 and were redeemable at any time prior to maturity at the discretion of 01 Communique with payment of an additional three months interest. Each Warrant was exercisable into one common share in the capital of 01 Communique at any time until April 24, 2018 at an exercise price of \$0.21 per Common Share. Under the terms of the January 31, 2018 amendment the rate of interest on the Debentures increased to 15% per annum effective April 25, 2018 and the maturity date was extended to April 24, 2019. Furthermore, effective January 31, 2018 the Warrant exercise price was decreased to \$0.10 from \$0.21 and the expiry date was extended to April 24, 2019 from April 24, 2018. In addition the Warrants as amended provide for an expiry date acceleration clause such that the exercise period of the Warrants will be reduced to 30 days if, for any ten consecutive trading days during the unexpired term of the Warrant (the "Premium Trading Days"), the closing price of the common shares of the Company exceeds the exercise price of the Warrants by 25% or more. The reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day.

In accordance with the provisions of IFRS, as they apply to the Debenture, the Company has split the Debenture and Warrant components of the Debenture and the amended Debenture into their debt and equity components and recorded the debt component as a liability and the equity component as equity. In determining the valuation of the liability and the equity components, the Company calculated the value of the liability component first, using a discount rate appropriate for what a similar debt instrument, absent any warrants, would have commanded at that time. The residual of the proceeds over the inherent value of the liability component was attributed to the equity portion of the Debenture. Accretion charges on the liability component aggregating \$16,853 (2017 – \$17,104) are calculated using the discount rate of 20% for the Debenture as amended on January 31, 2018 and 15% for the Debenture prior to the amendment on January 31, 2018 and have been recorded in the statements of operations and comprehensive loss.

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14. Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and market price risk. The Company is exposed to currency risk and interest rate risk.

Currency risk:

Net monetary liabilities due in U.S. dollars include accounts payable of \$346,841 (2017 – 346,841), cash of \$13,557 (2017 - \$185,068) and accounts receivable of \$31,143 (2017 - \$18,732).

The Company reports its results in Canadian dollars. The Company markets its products in Canada, the United States ("U.S.") and other jurisdictions, including Japan. Sales to Japanese customers are primarily denominated in U.S. dollars. Substantially all of the Company's sales are in U.S. dollars. As a result, the Company is subject to currency risk from both sales made and expenses incurred in U.S. dollars. The Company does not hedge the risk related to fluctuations in the exchange rate between the U.S. and the Canadian dollar from either the date of the sales transaction to the collection date due or from the date an expense is incurred in the U.S. to the date the payment is made. As at October 31, 2018, the Company had net monetary liabilities due in U.S. dollars of \$302,000 (2017 - \$143,000). An increase or decrease in the U.S. to Canadian dollar exchange rate by 10% as at October 31, 2018 would have resulted in a gain in the amount of \$30,200 (2017 - \$14,200) or a loss of \$30,200 (2017 - \$14,200), respectively.

The Company has performed a sensitivity analysis for foreign exchange exposure over the year ended October 31, 2018. The analysis used a modeling technique that compares the U.S. dollar equivalent of all revenue and expenses incurred in U.S. dollars, at the actual exchange rate, to a hypothetical 10% movement in the foreign currency exchanges rates against the Canadian dollar, with all other variables held constant. Foreign currency exchanges rates used were based on the market rates in effect during the year ended October 31, 2018. The sensitivity analysis indicated that a hypothetical 10% movement in the foreign currency exchange rate from the Canadian dollar to the U.S. dollar would result in a change to the net loss for the year ended October 31, 2018. An increase or decrease in the U.S. to Canadian dollar exchange rate by 10% during the year ended October 31, 2018 would have resulted in a gain in the amount of \$17,200 (2017 - \$44,500) or a loss of \$17,200 (2017 - \$44,500), respectively. There can be no assurances that the above projected exchange rate change will materialize.

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14. Market risk (continued):

Interest rate risk:

The Company is exposed to interest rate risk on its fixed rate financial instruments. Fixed rate instruments subject the Company to fair value interest rate risk, as the fair value of the financial instrument fluctuates due to changes in market interest rates. Financial instruments subject to interest rate risk include demand deposits and the liability component of the debenture.

15. Contractual obligations and contingencies:

The Company is engaged in legal actions from time to time arising in the ordinary course of business. None of these actions, individually or in the aggregate, are expected to have a material adverse effect on the consolidated financial position or results of operations.

The Company has entered into operating lease agreements for premises. The minimum annual rental payment due in 2019 for the Canadian premises is \$7,000. The premises lease expires February 28, 2019. Rental expense under operating lease agreements for the year was \$21,000 (2017 - \$21,147).

16. Related party transactions:

The remuneration of directors and other key management personnel of the Company during the years ended October 31, 2018 and 2017 was as follows:

	2018	2017
Salaries and contractor fees	\$ 117,500	\$ 50,500
Stock-based compensation	27,890	95,120

The Company's President and Chief Executive Officer invoices the Company for his services that pertain to research and development pursuant to a contractor agreement. Fees paid under this agreement during 2018 were \$56,000 (2017 - \$44,000) and have been included in research and development expenses and are included in the salaries and contractor fees amounts in the above table. In addition, the President and Chief Executive Officer received a salary for 2018 of \$14,000 (2017 - \$nil) which has been recorded in selling, general and administrative expenses, and is included in the salaries and contractors fees amounts in the above table.

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17. Critical accounting estimates:

The 2018 annual consolidated financial statements outline the Company's significant accounting policies and estimates. See note 1 and 2 of the audited consolidated financial statements for the year ended October 31, 2018 for a discussion regarding the Company's accounting policies and the application of accounting estimates and judgments.

The preparation of consolidated financial statements prepared in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Management must also make estimates and judgments about future results of operations in assessing recoverability of assets and the value of liabilities. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Areas requiring the use of estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements include:

- (i) The fair value for stock based compensation transactions where key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk free interest rate are used. The Company accounts for its stock option plan using the fair value method. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and expensed over the vesting period. No compensation expense is recognized for stock options that employees forfeit if they fail to satisfy the service requirement for vesting.

There were 1,970,000 stock options granted during the year at an average exercise price of \$0.07. The average grant date fair value of options granted during the year was \$0.066 (2017 - \$0.034). The fair value of each option granted has been estimated on the date of grant using the Black-Scholes fair value option-pricing model with the following weighted average assumptions used for grants for the year ended October 31, 2018: dividend yield of nil (2017 - nil), expected volatility of between 169% and 194% (2017 - 147%), weighted average risk-free interest rate of 2.25% (2017 - 1.5%) and expected lives of between eighteen months and five years (2017 - four years). Stock options expense for the year ended October 31, 2018 was \$57,411 (2017 - \$96,155).

- (ii) In accordance with the provisions of IFRS, as they apply to the Debenture, the Company has split the Debenture and Warrant components of the Debenture and the amended Debenture into their debt and equity components and recorded the debt component as a liability and the equity component as equity. In determining the valuation of the liability and the equity

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17. Critical accounting estimates (continued):

components, the Company calculated the value of the liability component first, using a discount rate appropriate for what a similar debt instrument, absent any warrants, would have commanded at that time. The residual of the proceeds over the inherent value of the liability component was attributed to the equity portion of the Debenture. Accretion charges on the liability component aggregating \$16,853 (2017 – \$17,104) are calculated using the discount rate of 20% for the Debenture as amended on January 31, 2018 and 15% for the Debenture prior to the amendment on January 31, 2018 and have been recorded in the statements of operations and comprehensive loss.

18. Risk factors:

An investment in Common Shares is speculative and involves a high degree of risk, is subject to the following specific risks, among others, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Prospective investors should review these risks as well as other matters disclosed elsewhere in this Annual Information Form with their professional advisors.

Prospects for companies in the computer and software industry generally may be regarded as uncertain given the inherent nature of the industry and, accordingly, investments in such companies should be regarded as speculative.

(a) Lack of Revenue and Profitability

As at October 31, 2018 the Company reported a working capital deficiency of \$101,009 (2017 – \$627,840). In addition to the working capital deficiency, the Company has sustained substantial losses and negative cash flows from operations in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing.

Management's plan to reduce the operating loss and ultimately become profitable and produce positive cash flows from operations is heavily dependent on: (i) a successful outcome from its strategic initiatives to realize monetary value from future product development; (ii) increasing product and service revenue from its I'm InTouch product offering through downloads from the Company's web site; and (iii) its relationship with a key customer Hitachi Solutions Create. However, there can be no assurances the Company will be successful on any of these three initiatives. Should the Company not be able to generate sufficient cash flows from any combination of these three initiatives to become profitable in the future and generate sufficient working capital to fund operations as well as discharge its current working capital deficiency, then it will become necessary to secure additional sources

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18. Risk factors (continued):

of financing; however, there can be no assurances that any such financing will be available to the Company or that such funds will be available on acceptable terms and within an acceptable period of time.

The outcome of these matters, which cannot be predicted at this time, represents a material uncertainty which may cast significant doubt with regard to the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. See Section 5 - Going Concern.

(b) Listing of the Company's Common Shares

The stock exchange on which the Company's Common Shares currently trade and upon which they may trade in the future have certain minimum listing requirements that must be met in order to be eligible to continue to trade on such exchanges. If the Company is unable to continue to satisfy these criteria it may be delisted from these exchanges and will be required to find a different exchange on which to list. A change in the exchange on which the Common Shares are listed may result in a decreased share price and/or decreased liquidity. Furthermore, if the Company is not able to find a different exchange on which to list shareholders may not be able to transfer their shares. The trading symbol for the Company is ONE and the shares trade on the TSX-V.

(c) New Products and Technological Change

The communications software industry is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions, any of which could make the Company's products obsolete. There can be no assurance that the Company will be successful in enhancing existing products or introducing, manufacturing or marketing new products to meet changing end-user requirements and emerging industry standards and protocols. The Company must devote continued efforts and financial resources to develop and enhance existing products and conduct research to develop new products. The development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation, as well as the accurate anticipation of technological and market trends. The Company may not be able to identify, develop, manufacture, market or support new or enhanced products successfully or on a timely basis and may not be able to respond effectively to product announcements by competitors, technological changes or emerging industry standards which could, among other things, have a material adverse effect on the Company's business, operating results or financial condition. The Company may also

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18. Risk factors (continued):

announce new products or product enhancements, capabilities or technologies that have the potential to replace or shorten the life cycle of its existing product offerings and that may cause customers to defer purchasing its existing products.

(d) Market Acceptance of Products

The Company designs and develops software-based products for the remote access and support market. As with any technology, there is a substantial risk that the marketplace may not accept the Company's products. Market acceptance of the Company's products depends, in large part, upon its ability to demonstrate its products' performance and cost-effectiveness over competing products and upon the success of its sales efforts as well as those of its customers. The Company may not be able to continue to market its products successfully and no assurance can be given that any of its current or future products will be accepted in the marketplace.

(e) Competition

Competition in the remote access and support market place is intense and growing rapidly. Accordingly, it is possible that new competitors or alliances among competitors and vendors may emerge and rapidly acquire market share. Many of the Company's current and potential competitors have significantly greater financial, technical, marketing, service, support and other resources than the Company, as well as longer operating histories, greater name recognition and larger customer bases. As a result, they may be able to secure resources on more favourable terms than the Company, and they may be able to respond more quickly to changes in customer preferences or to devote greater resources to the development, promotion and sale of their products than can the Company. Increased competition could result in significant price competition, reduced profit margins, fewer customer orders or loss of market share. The Company may not be able to compete successfully with existing or future competitors and cannot ensure that competitive pressures will not materially and adversely affect its business, operating results or financial condition.

(f) No Assurance of Successful Marketing

The Company does not have extensive experience in successfully marketing its products. Thus, there can be no assurance that future efforts to market its products will be successful. If the Company relies on third parties to market its products, the commercial success of such products may be outside of the Company's control.

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18. Risk factors (continued):

(g) Proprietary Technology

The Company's success will depend, in part, on its ability to maintain copyright and trademark protection, trade secret protection and operate without infringing the proprietary rights of third parties. There can be no assurance that the Company's intellectual property rights, copyright and/or trademarks will not be challenged by any third parties, or that the intellectual property rights of others will not have a material adverse effect on the ability of the Company to do business. Furthermore, there can be no assurance that others will not independently develop products similar to those developed by the Company or duplicate any of the Company's products. The Company may be required to obtain licenses for proprietary rights of third parties. No assurance can be given that any licenses required will be available on terms acceptable to the Company. If the Company does not obtain such licenses, it could encounter delays in introducing one or more of its products to the market or could find that the development, manufacture or sale of products requiring such licenses could be precluded. In addition, the Company could incur substantial time, effort and/or costs in policing unauthorized use of its intellectual property and/or in defending itself in suits brought against it or in suits in which the Company attempts to enforce its own intellectual property rights against other parties.

(h) Currency Risk

A substantial portion of the Company's revenues are now, and are expected to continue to be, realized in United States dollars. Fluctuations in the exchange rate between the Canadian dollar and the United States dollar may have a material adverse effect on the Company's results of operations.

(i) Product Liability and Insurance

The sale and use of the Company's products or its products under development may entail risk of product liability. Although the Company considers that it currently has adequate insurance coverage for any product liability claim, as the Company expands and introduces new products there can be no assurance that it will be able to obtain appropriate levels of product liability insurance prior to any use of its products. An inability to obtain insurance on commercially reasonable terms or to otherwise protect against potential product liability claims could inhibit or prevent the commercialization of products developed by the Company or expose the Company to significant product liability risks. The obligation to pay any product liability claim or a recall of a product could have a material adverse effect on the business, financial condition, operating results or prospects of the Company.

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18. Risk factors (continued):

(j) Dependence on Key Personnel

The Company's ability to develop, manufacture and market its products and compete with current and future competitors depends, to a great extent, on its ability to attract and retain highly qualified personnel (and attract new personnel where required). Competition for such personnel and relationships is intense and the Company must compete in this regard with companies that have substantially greater financial and other resources than it does. The Company is highly dependent on the principal members of its management and research and development staff ("Key Personnel") and, in particular, Mr. Andrew Cheung, its Chief Executive Officer. The loss of Mr. Cheung's services could have the effect of materially impeding the achievement of development objectives. The persons working with the Company are affected by a number of influences outside of the control of the Company. The failure to attract and retain qualified personnel or the loss of the services of one or more Key Personnel could have a material adverse effect on the Company's business, operating results or financial condition.

(k) Public Market and Volatility of Share Price

Factors such as announcements of technological innovation or the introduction of new products by the Company or its competitors, actual or anticipated fluctuations in the Company's operating results, changes in estimates of the Company's future operating results by securities analysts or developments with respect to proprietary rights may have a significant impact on the market price of the Common Shares. In addition, the stock market has experienced volatility which has particularly affected the market prices of equity securities of many high technology companies and which often has been unrelated to the operating performance of such companies. These market fluctuations may materially adversely affect the market price of the Common Shares.

(l) Distribution Agreements

The Company's distribution and licensing agreements contain various provisions for termination and/or renewal, some of which provide for termination without cause and on short notice. Such provisions are not uncommon in the industry and the Company anticipates that it will continue to enter into such agreements. Some of the Company's distribution arrangements are also not embodied in written agreements.

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18. Risk factors (continued):

(m) The Trend towards Industry Consolidation

Consolidation in the software industry continues to occur, with competing companies merging or acquiring other companies in order to capture market share or expand product lines. As this consolidation occurs, the nature of the market may change as a result of fewer players dominating particular markets, potentially providing customers with fewer choices. Also, some of these companies offer a broader range of products than the Company, and the Company may not be able to compete effectively against these competitors. Any of these changes may have a significant adverse effect on the future revenues and operating results of the Company.

(n) Potential Fluctuations in Quarterly Financial Results

The Company's quarterly financial results could be impacted significantly by the timing of substantial orders and shipments as well as new releases of its products and intellectual property agreements. The Company's operating expenses are based on anticipated revenue levels in the short term, are relatively fixed and are incurred throughout the quarter. Additionally, the Company's products may be subject to long sales cycles. As a result, if expected revenues are not realized as anticipated, the Company's quarterly financial results could be materially adversely affected. Quarterly financial results in the future may be influenced by these or other factors, including possible delays in the shipment of new products and entering into or failing to enter into or renew a material contract or order. Accordingly, there may be significant variations in the Company's quarterly financial results and such results may not meet the expectations of analysts or investors. If this occurs, the price of the Common Shares may decline. See also "Distribution Agreements", "Volatility of Share Price".

(o) Control of Shares by Principal Shareholder

Andrew Cheung, the President and Chief Executive Officer of the Company and the principal shareholder of the Company, maintains effective control of the Company through control and/or ownership of, in the aggregate, approximately 12% of the outstanding Common Shares. As a result, Mr. Cheung could exercise significant influence over all matters requiring shareholder approval, including the ability to elect directors and approve fundamental changes to the Company. Such concentration of ownership may have the effect of delaying or preventing a change in control of the Company, its Board or management.

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19. Disclosure Controls and Internal Controls over Financial Reporting:

In the course of evaluating its internal controls over financial reporting as at October 31, 2018, management has identified the following material weakness:

There is limited segregation of duties which could result in a material misstatement in the Company's consolidated interim or annual financial statements. Given the Company's limited staff level, certain duties within the accounting and finance department cannot be properly segregated. This deficiency, which is pervasive in impact, did not result in a material misstatement to the consolidated financial statements. The Company relies on certain mitigating controls, including periodic substantive review of the consolidated financial statements by the Chief Executive Officer, Audit Committee and Board of Directors, however, these mitigating controls do not eliminate the existence of the material weakness.

As at October 31, 2018 the Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures and internal control over financial reporting. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures and internal control over financial reporting are ineffective as a result of the material weakness in internal control over financial reporting described above.

There have been no significant changes to the Company's internal control environment during the year ended October 31, 2018 that would have materially affected the Company's internal controls over financial reporting.

20. Disclosure of Outstanding Share Data:

The Company's share capital consists of the following:

Authorized:

50,000 Series A preference shares

Unlimited preference shares, issuable in series

Unlimited common shares

Issued:

76,543,807 common shares

6,260,000 stock options outstanding convertible into common shares at exercise prices ranging from \$0.05 to \$0.49. The options expire between December 10, 2018 and June 21, 2023.

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20. Disclosure of Outstanding Share Data (Continued):

5,000,000 share purchase warrants. Each whole warrant entitles the holder to acquire one common share for \$0.15 at any time prior to September 18, 2020.

800,000 agent compensation options which entitle the agent to purchase one unit for each one compensation option at a price of \$0.10 per unit at any time prior to September 18, 2020. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the agent to acquire one common share at a price of \$0.15 at any time prior to September 18, 2020.

800,000 Debenture Warrants outstanding convertible into common shares at an exercise price of \$0.10. The Debenture Warrants expire on April 24, 2019.

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21. Quarterly Results of Operations:

The following tables sets forth certain information from the unaudited consolidated statements of operation for the eight most recent quarters of operations ended October 31, 2018 as prepared in accordance with IFRS.

<i>for the 3 months ending</i>	31-Oct-18	31-Jul-18	30-Apr-18	31-Jan-18
Revenue	\$ 48,875	\$ 45,439	\$ 73,809	\$ 34,844
Expenses:				
Selling, general and administrative	138,466	77,893	55,566	34,475
Research and development	122,379	23,580	35,168	23,774
	260,845	101,473	90,734	58,249
Loss before accretion on liability component of debenture, interest and other income and taxes	\$ (211,970)	\$ (56,034)	\$ (16,925)	\$ (23,405)
Interest on debenture	15,000	15,000	10,295	10,000
Accretion on liability portion of debenture	4,319	4,114	3,735	4,685
Loss before interest and other income and taxes	(231,289)	(75,148)	(30,955)	(38,090)
Foreign exchange gain	(5,069)	-	-	-
Interest income	(1,169)	(23)	(10)	(8)
Loss before taxes	(225,051)	(75,125)	(30,945)	(38,082)
Withholding taxes	4,044	3,823	7,834	2,720
Loss for the period and comprehensive Loss	\$ (229,095)	\$ (78,948)	\$ (38,779)	\$ (40,802)

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Years ended October 31, 2018 and 2017

21. Quarterly Results of Operations (Continued):

<i>for the 3 months ending</i>	31-Oct-17	31-Jul-17	30-Apr-17	31-Jan-17
Revenue	\$ 119,625	\$ 247,269	\$ 129,462	\$ 7,631
Expenses:				
Selling, general and administrative	60,653	47,097	64,471	86,034
Research and development	52,718	93,487	21,186	5,325
	<u>113,371</u>	<u>140,584</u>	<u>85,657</u>	<u>91,359</u>
Profit (loss) before accretion on liability component of debenture, interest and other income and taxes	\$ 6,254	\$ 106,685	\$ 43,805	\$ (83,728)
Interest on debenture	10,000	10,000	10,000	10,000
Accretion on liability portion of debenture	4,515	4,352	4,194	4,043
Profit (loss) before interest and other income and taxes	<u>(8,261)</u>	<u>92,333</u>	<u>29,611</u>	<u>(97,771)</u>
Foreign exchange gain	(5,073)	-	-	-
Interest income	<u>(7)</u>	<u>(7)</u>	<u>(19)</u>	<u>(8)</u>
Profit (loss) before taxes	(3,181)	92,340	29,630	(97,763)
Withholding taxes	9,955	23,957	12,022	-
Profit (loss) for the period and comprehensive profit (loss)	\$ (13,136)	\$ 68,383	\$ 17,608	\$ (97,763)

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CORPORATE INFORMATION

DIRECTORS

Andrew Cheung
President & CEO

William A. Train
Chairman
Private investor

Joanna Ng
AI Technologist & Startup
Entrepreneur

Gary Kissack
Lawyer, Fogler, Rubinoff LLP

Jane Yang
Blockchain Consultant

OFFICERS

Andrew Cheung
President & CEO

Brian Stringer
Chief Financial Officer

Gigi Loo
Controller & Corporate Secretary

INVESTOR RELATIONS

e-mail to:
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CORPORATE HEADQUARTERS

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Common Shares Listed on:
TSX Venture Exchange
(TSX-V)
Trading Symbol "ONE"