

01 COMMUNIQUE LABORATORY INC.

***Annual Information Form
For the Fiscal Year Ended October 31, 2015***

January 5, 2016

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Information in this Annual Information Form is given as of October 31, 2015, unless otherwise indicated.

This Annual Information Form contains product names, trade names, trademarks and service marks of 01 Communique Laboratory Inc. ("01 Communique" or the "Company") and of other organizations, all of which are the properties of their respective owners.

NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Annual Information Form 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 Annual Information Form, such statements use such words as "may", "will", "expect", "believe", "plan", "intend" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. 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, material adverse change in the relationship with primary customers, adverse outcome in the ongoing patent infringement litigation, and the factors discussed under "Risk Factors". Although the forward-looking statements contained in this Annual Information Form 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 Annual Information Form, and the Company assumes no obligation to update or revise them to reflect new events or circumstances.

GLOSSARY OF TECHNICAL TERMS

Copy protect - to render software unable to be duplicated under normal circumstances. This is the most commonly used practice for software publishers to protect against illegal software piracy.

Federal Circuit - United States Court of Appeals for the Federal Circuit.

Hitachi – Hitachi Business Solution of Japan.

IP – the acronym for intellectual property.

Markman hearing – pretrial hearing in a United States District Court during which a judge examines evidence from all parties on the appropriate meanings of relevant key words used in a patent claim, when patent infringement is alleged by a plaintiff. It is also known as a "Claim Construction Hearing".

PC - the acronym for personal computer, which is a computer designed for an individual user.

PTAB – the acronym for the Patent Trial and Appeal Board of the United States Patent and Trademark Office, which is the new name for the Board of Patent Appeals and Interferences.

SAAS – the acronym for software as a service.

SME - the acronym for small to medium sized enterprises, a target market or classification of potential customers.

USPTO – the acronym for the United States Patent and Trademark Office.

VAR – the acronym for a value added reseller.

VPN – stands for Virtual Private Network. A VPN makes use of a public network (usually the Internet) to connect remote sites or users together.

‘479 Patent – the Company’s patent issued in the United States, patent number 6,928,479.

01 COMMUNIQUE LABORATORY INC.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation effective October 7, 1992. By Articles of Amendment dated July 27, 1995, the common shares of the Company (the "Common Shares") were subdivided by changing each Common Share into 8.18 Common Shares. By Articles of Amendment dated September 22, 1995, the private company restrictions were deleted from the Articles of the Company.

The principal office of the Company is located at 1450 Meyerside Drive, Mississauga, Ontario L5T 2N5, approximately ten kilometers from the Toronto Pearson International Airport in leased premises of approximately 3,800 square feet.

Intercorporate Relationships

01 Communique (GP) Inc. was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation effective September 15, 2003 and is a wholly-owned subsidiary of the Company and has the same address, directors and management as the Company.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company 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 products are marketed under its I'm InTouch, I'm OnCall or I'm InTouch Meeting product lines.

The Company's intellectual property is incorporated in its product and service offerings and is protected, in part, by its patents, as follows:

- United States patent number 6,928,479 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";
- 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";
- Canadian patent number 2,309,398, entitled "A system, computer product and method for remotely accessing and controlling a networked computer";

- United States patent application No. 12/690,348 entitled "System and method for remotely accessing and controlling a networked computer";
- Canadian patent application No. 2,677,113 entitled "System and method for remotely accessing and controlling a networked computer"; and
- Japanese patent application No. 2012-180675 entitled (as translated) "Private communication portal provision system for two-way pager network, has location facility computer for facilitating communication between two other computers".
- United States patent application No. 14/486492 entitled "System, computer product and method for implementing a cloud service with private storage"

The Company's strategy is to bring to market new and innovative products built on its patented intellectual property. The Company is also approaching companies with a goal to enter into licensing agreements along the line of its agreement with Hitachi Business Solutions ("Hitachi"). The Company believes this strategy of direct sales combined with product and IP licensing provides the best opportunity for the Company to participate in the growth of the remote access and online meeting/communications market.

Citrix Systems Inc. ("Citrix") Patent Lawsuit and Re-examination

The Company is protecting its intellectual property and has a long outstanding patent infringement lawsuit against Citrix's GoToMyPC product offering. In February 2006, the Company commenced a lawsuit in the United States District Court, Northern District of Ohio, Eastern Division, against Citrix alleging infringement by their GoToMyPC product line of the '479 Patent. The Company is seeking damages based upon a reasonable royalty, back to August 2005 the date the patent was issued, for infringement, as well as pre and post judgment interest on awarded damages, treble damages for willful infringement, a permanent injunction and attorneys' fees. An overview of the events and timelines to date follows.

The first Markman Ruling. On March 16, 2007 the court issued a patent claim construction ruling adopting the Company's claim construction for 19 of the 20 disputed claim terms (commonly referred to as the "Markman Ruling").

The inter partes re-examination. On December 7, 2007, an inter partes re-examination of the '479 Patent was requested of the USPTO by Citrix. On March 12, 2008, the judge in the litigation issued a memorandum and order staying the case pending the inter partes re-examination. The Company proceeded with the re-examination and on July 6, 2010 a Right of Appeal Notice was issued confirming the patentability of the claims in the inter partes re-examination that were challenged by Citrix. Citrix filed a Notice of Appeal appealing that decision to the PTAB. On October 29, 2013 the PTAB rendered their decision affirming the Examiner's finding of validity of the '479 Patent. Citrix appealed that decision to the Federal Circuit. On October 16, 2014 the Federal Circuit rendered their decision affirming the PTAB's decision that the '479 Patent is valid and then issued their mandate to the USPTO to issue a re-examination certificate. On May 18, 2015 the USPTO issued an inter partes re-examination certificate.

The lifting of the Stay. After receiving the positive decision from the PTAB the Company requested and on February 14, 2014 the Court granted the request that the case be re-opened so that the stay can be lifted and the case proceed to trial.

The second Markman Hearing. A claim construction tutorial and hearing took place on November 12 and 13, 2014. On June 12, 2015 the Court issued its claim construction order and memorandum ruling on the meaning of four disputed claim terms, adopting the Company's proposed construction for all four claim terms. The Court also agreed with the Company that the preamble to claim 24 of the '479 Patent was not limiting and hence concluded that it was not necessary to construe two additional claim terms contained in the preamble.

The timetable. A jury trial is scheduled to commence January 8, 2016. Subsequent to year end, on December 22, 2015, the Court rendered its decision in respect of summary judgment motions filed as summarized below.

Citrix's motion for summary judgment that the asserted claims of the '479 Patent are ineligible under Section 101, commonly referred to as an Alice motion, was denied and the Company's motion for summary judgment that the asserted claims are eligible under Section 101 was granted.

The Company's motion for summary judgment of direct infringement was denied, with the Court finding that this matter should proceed to trial where it is the role of the factfinder at trial, not the Court on summary judgment, to consider the qualifications of the experts and the strength of their opinions with respect to infringement.

The Company's motion for summary judgment for exclusion of prior art references raised during the re-examination was denied however the order noted that the Company is not precluded from objecting at trial to the introduction of a prior art reference that was, or could have been, introduced during the re-examination.

Citrix's motion for summary judgment on the Company's claims for willful infringement and injunctive relief was denied, with these issues to be resolved at trial. Citrix's motion for summary judgment of no induced infringement was granted.

The California Action. On May 30, 2014 Citrix filed a complaint in the United States District Court Central District of California alleging infringement of their U.S. Patent No. 7,219,233 by the Company's I'm InTouch Meeting product and requesting a declaratory judgment against the Company alleging that Citrix's GoToMeeting product offering does not infringe the "479 Patent". An amended complaint was filed on July 31, 2014 dropping the request for a declaratory judgment and alleging infringement of two additional patents, being U.S. Patent No. 8,127,019 and 8,325,896. On October 23, 2014 the parties reached an agreement to withdraw their claims against each other as to their GoToMeeting and I'm InTouch Meeting products.

While the results of the first and second Markman Rulings received on March 16, 2007 and June 12, 2015 respectively and the Federal Circuit's decision in November 2014 reaffirming the Company's assertion that Citrix's GoToMyPC product offering infringe and that the '479 Patent is valid there can be no guarantee that the Company will be successful in this litigation. In order to ultimately generate future profitable operations, the Company is heavily dependent on the successful outcome of its patent litigation against Citrix. An unsuccessful result could materially adversely affect the Company's business and financial prospects. In addition, there can be no assurances that litigation tactics by the defendant or delays imposed by the courts will not result in significant delays before the parties either reach a settlement or trial.

Contingency Fee Arrangement

The Company is making use of a contingency fee arrangement with its lawyers in respect of its litigation with Citrix. Management believes this is the most advantageous way for the Company to proceed as the financial burden of paying legal fees on an hourly rate could prove to be too onerous for the Company. A summary of the Company's contingency fee arrangement follows.

The Company is represented in its litigation against Citrix by Baker & Hostetler, a U.S. law firm. Under the terms of its engagement with Baker & Hostetler, the Company is responsible for certain out of pocket expenses associated with the litigation (with respect to the Citrix litigation, expenses have reached a cap and Baker & Hostetler is now responsible for such expenses for which they are to be reimbursed out of proceeds of settlement or an award of damages, if any) and will pay Baker & Hostetler a contingency fee on the conclusion of the litigation if there is either a settlement or an award of damages. The contingency fee will be a percentage of any such settlement or award (which may include any ongoing royalty or other payments received by the Company) with such percentage being within the range which management believes is customary for contingency fee arrangements for litigation of this nature. If, as opposed to a settlement or award of damages, there is a business resolution resulting in the sale of the Company or all or substantially all of the assets of the Company or a transfer of the patents owned by

the Company then Baker & Hostetler will be entitled to receive a portion of any payments received by the Company in connection with the business resolution if such resolution results in a termination of the litigation or materially changes the nature of any such lawsuit. Management believes that the contingency fee is within the range of percentages customary for agreements of this nature. There can be no guarantee that the Company will be successful in its litigation.

Three year development of the business –

During 2013 –

The Company continued to develop and release new versions of its products and continued in its efforts to build revenue from its I'm InTouch product offerings and its IP licensing efforts.

I'm InTouch Meeting was named as a 2013 TMC Labs Innovation Award winner chosen for its significance, uniqueness and innovative qualities. The award is presented by TMC Labs publication, INTERNET TELEPHONY.

The Company continued to provide support as requested by Hitachi and commenced development of a new version of I'm InTouch Go for Hitachi's DoMobile remote access offering as well as a remote support offering localized for the Japanese market similar to the Company's I'm OnCall service offering.

The LogMeIn Inc. ("LogMeIn") patent lawsuit - On September 8, 2010, the Company filed a lawsuit in the Eastern District of Virginia, against LogMeIn Inc. alleging infringement of the '479 Patent seeking past damages going back to August 9, 2005 as well as a permanent injunction prohibiting infringement. The case against LogMeIn proceeded to trial and on March 26, 2013 the jury in the trial rendered its verdict concluding that the '479 Patent is valid but that LogMeIn did not infringe the patent. On April 2, 2013 the Court entered judgment on the March 26, 2013 jury verdict. The Company disagreed with the finding of non-infringement and appealed the decision. On June 26, 2013 the Company filed a notice of appeal with the Federal Circuit (Appeal Nos. 2013-1479). LogMeIn filed a cross appeal, (Case No. 2013-1525) which was consolidated with the Company's appeal. As part of the appeal process the Company filed its Appeal Brief with the Federal Circuit on August 26, 2013 and LogMeIn filed its Cross Appeal Brief on November 7, 2013. The Appeal remains in process.

The stay in the case against Citrix remained in place as the appeal by Citrix to the PTAB of the inter partes re-exam continued. In May 2013 a hearing was held in front of the PTAB and in October 2013 the PTAB rendered its decision affirming the examiner's finding of validity of the '479 Patent. Citrix appealed that decision to the Federal Circuit. Subsequent to the year end, in November 2013 the Company requested that the Court re-open the Citrix case so that the stay could be lifted and the case proceed to trial.

During 2014 –

The Company continued to develop and release new versions of its products and continued in its efforts to build revenue from its I'm InTouch product offerings and its IP licensing efforts.

I'm InTouch Meeting received a product of the year award for 2014 from Internet Telephony in recognition of outstanding contributions to the internet telephony industry.

On July 31, 2014 the Company's shares commenced trading on the TSX-Venture Exchange ("TSX-V"). The last day of trading on the Toronto Stock Exchange ("TSX") was July 30, 2014. The trading symbol for the Company remained the same, ONE.

During fiscal 2014, under the terms of an agreement with Hitachi, the companies completed development of, and in April 2014 Hitachi released to the Japanese market a remote support service similar to the Company's I'm OnCall service called DoSupport. Developed by 01 Communique in conjunction with Hitachi, DoSupport is a remote support infrastructure that will be offered to Hitachi's customers via the Internet as SAAS.

DoSupport establishes a temporary connection to a customer's PC without the need for pre-installed software. It allows support engineers to quickly and efficiently resolve their customer's technical and IT support issues with on demand remote control. With DoSupport, resellers, IT help desks, software vendors and other support organizations can deliver outstanding live customer support while reducing overall support costs. The subscription fee is based on the number of support engineers.

On June 9, 2014 the Federal Circuit issued its order in respect of the Company's appeal of its patent lawsuit against LogMeIn affirming the district court's finding that LogMeIn did not infringe the Company's '479 patent while also affirming the district court's finding that the '479 patent is valid.

A new patent application was filed. United States patent application No. 14/486492 entitled "System, computer product and method for implementing a cloud service with private storage"

The Company continued with its patent infringement lawsuit against Citrix's GoToMyPC product offering and brought the inter partes re-examination of its '479 patent to a successful conclusion at the Federal Circuit. A summary of events is as follows.

In November 2013 the Company requested that the Court in the Northern District of Ohio re-open the Company's patent lawsuit case against Citrix so that the stay could be lifted and the case proceed to trial. On February 14, 2014 the Court granted the request. The timetable called for expert discovery to be completed by January 16, 2015 following which a scheduling conference was expected to take place to set dates regarding filing and/or renewing dispositive motions, trial preparation and trial.

On May 30, 2014 Citrix filed a complaint in the United States District Court Central District of California alleging infringement of their U.S. Patent No. 7,219,233 by the Company's I'm InTouch Meeting product and requesting a declaratory judgment against the Company alleging that Citrix's GoToMeeting product offering does not infringe the "479 Patent". An amended complaint was filed on July 31, 2014 dropping the request for a declaratory judgment and alleging infringement of two additional patents, being U.S. Patent No. 8,127,019 and 8,325,896. On October 23, 2014 the parties reached an agreement whereby each party withdrew their claims against each other with respect to Citrix's GoToMeeting product and 01 Communique's I'm InTouch Meeting product.

On October 16, 2014 the Federal Circuit rendered its decision affirming the PTAB's decision that the Company's '479 Patent is valid. Subsequent to the end of the year, on November 25, 2014, the Federal Circuit issued their mandate to the USPTO to issue a re-examination certificate.

During 2015 –

The Company continued to develop and release new versions of its products and continued in its efforts to build revenue from its I'm InTouch product offerings. A summary follows:

In September 2015 the Company released a beta version of its new product, I'm InTouch GoMail, which is planned to be offered as an added feature to I'm InTouch or it can be subscribed to separately. I'm InTouch GoMail mobilizes your email and lets you keep all your inbound and outbound emails securely on your own computer. Using your mobile device it allows you to insert attachments from your computer or save inbound attachments on your computer without having to leave them on a third party's storage system. The first release to paying customers of I'm InTouch GoMail is planned for December 2015.

I'm InTouch Meeting received a product of the year award for 2015 from Internet Telephony in recognition of outstanding contributions to the internet telephony industry.

I'm InTouch received a product of the year award from Communications Solutions in recognition of outstanding contributions to the communications industry.

The Company, in conjunction with Hitachi, had previously co-developed products for the Japanese market based on the Company's intellectual property portfolio. A summary of those products follows:

As part of a services agreement between the Company and Hitachi the companies co-developed a server-based remote access offering, DoMobile, that is commercially available in Japan. Hitachi retains exclusivity for marketing DoMobile in Japan and the Company retains its marketing rights for the rest of the world. The Company also co-developed a remote support service similar to the Company's I'm OnCall service called DoSupport, that is commercially available in Japan. Hitachi retains exclusivity for marketing DoSupport in Japan and the Company retains its marketing rights for the rest of the world.

Throughout 2015 the Company provided support as requested for both product offerings and now awaits the results from Hitachi's sales activities.

The Company also continued in its IP licensing efforts continuing with its patent infringement lawsuit against Citrix's GoToMyPC product offering and brought the inter partes re-examination of its '479 patent to a successful conclusion at the Federal Circuit. A summary of events is as follows.

On November 25, 2014, the Federal Circuit issued their mandate to the USPTO to issue a re-examination certificate which they did on May 18, 2015 bringing the re-examination to a successful conclusion.

A claim construction tutorial and hearing took place on November 12 and 13, 2014. On June 12, 2015 the Court issued its claim construction order and memorandum ruling on the meaning of four disputed claim terms, adopting the Company's proposed construction for all four claim terms. The Court also agreed with the Company that the preamble to claim 24 of the '479 Patent was not limiting and hence concluded that it was not necessary to construe two additional claim terms contained in the preamble.

Expert discovery was completed on February 27, 2015. A jury trial is scheduled to commence January 8, 2016. Subsequent to year end, on December 22, 2015, the Court rendered its decision in respect of summary judgment motions filed as summarized below.

Citrix's motion for summary judgment that the asserted claims of the '479 Patent are ineligible under Section 101, commonly referred to as an Alice motion, was denied and the Company's motion for summary judgment that the asserted claims are eligible under Section 101 was granted.

The Company's motion for summary judgment of direct infringement was denied, with the Court finding that this matter should proceed to trial where it is the role of the factfinder at trial, not the Court on summary judgment, to consider the qualifications of the experts and the strength of their opinions with respect to infringement.

The Company's motion for summary judgment for exclusion of prior art references raised during the re-examination was denied however the order noted that the Company is not precluded from objecting at trial to the introduction of a prior art reference that was, or could have been, introduced during the re-examination.

Citrix's motion for summary judgment on the Company's claims for willful infringement and injunctive relief was denied, with these issues to be resolved at trial. Citrix's motion for summary judgment of no induced infringement was granted.

DESCRIPTION OF THE BUSINESS

Principal Market

The Company 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 products are marketed under its I'm InTouch, I'm OnCall or I'm InTouch Meeting product lines.

The Company's intellectual property is incorporated in its product and service offerings and is protected, in part, by its patents.

The Company's products and services are as follows:

I'm InTouch provides users with the ability to access and/or remotely control their desktop PC from anywhere, anytime using virtually any device connected to the Internet. I'm InTouch is marketed both on a subscription basis whereby the Company hosts the infrastructure servers and on a per-license basis whereby the server is under control of the customer. The I'm InTouch hosted solution is marketed to individuals, small businesses and workgroups within a larger corporation. The infrastructure servers are hosted by the Company, which reduces the costs associated with maintaining a typical remote access installation. For larger companies where the information technology department is generally more structured and requires the infrastructure servers to be on their premises, the Company offers a server edition.

I'm OnCall is a secure web-based remote support solution that enables help desk personnel to quickly and efficiently support their customers anywhere in the world, through on-demand PC remote control. With I'm OnCall, support organizations can offer remote PC support over the Internet to their customers. It is marketed to smaller value added resellers and other support organizations looking for a cost effective tool to provide remote support. The Company hosts the infrastructure servers and the offering is sold on a subscription basis.

I'm InTouch Meeting, is a web-based service that enables users to easily conduct online meetings by inviting up to 15 attendees to join the meeting using their desktop PC's. It is marketed on a subscription basis, similar to the I'm InTouch hosted service, whereby the Company hosts the infrastructure servers and charges a subscription fee.

Distribution Methods

The Company offers a suite of remote access services designed for small-medium sized business, mobile professionals and IT service providers. The product offerings are considered software as a service offerings and are deployed on-demand. They include functionality enabling on-line meetings, remote computing and IT support. These products are marketed on-line and using the Company's direct sales force.

The Company distributes its offerings in Japan under its agreement with Hitachi whereby Hitachi has exclusivity to market the products in Japan.

The Company is also seeking to license its products and IP under licensing agreements. It has contacted companies directly that the Company believes will have an interest in licensing their products and IP.

Revenues

The Company operates in one business segment, which is the development and marketing of its remote access and communications products and intellectual property. Revenue attributable to geographical location based on the location of the customer for the fiscal years ended October 31, 2015 and October 31, 2014 is as follows:

	2015	2014
United States	\$ 23,782	\$ 27,190
Canada	18,854	27,941
Japan	44,350	211,560
	<u>\$ 86,985</u>	<u>\$ 266,691</u>

The revenue in Japan is derived from the Company's relationship with Hitachi and in the United States from its product sales.

Products Under Development

The Company continues to support Hitachi and their requests for changes to DoMobile and DoSupport as required. In addition, under development are enhancements to the Company's I'm InTouch, I'm OnCall and I'm InTouch Meeting offerings.

Production and Services

I'm InTouch, I'm OnCall and I'm InTouch Meeting are marketed as a service with the subscriber paying a monthly or annual rate. Infrastructure servers, which include signup servers, e-commerce servers and location servers, are required to ensure the service operates effectively. The Company maintains the infrastructure servers, which are located in an off-premises third party secure data center.

Specialized Skill and Knowledge

As at the date hereof, the Company has 11 employees and, in addition, makes use of contract software developers as well as other contractors and agencies when required. The Company believes its success will depend, to a great extent, on its ability to retain highly qualified personnel and to attract new personnel where required. The Company is highly dependent on the principal member of its management team, Mr. Andrew Cheung, President and Chief Executive Officer, the loss of whose services might impede the achievement of development objectives. The Company considers its relations with its employees to be good.

There is competition in recruiting personnel in the software industry. The Company believes that it must provide personnel with a competitive compensation package, which, among other things, necessitates the continued availability of stock options to be issued under its employee stock option plan. See "Risk Factors - Dependence on Key Personnel".

Competitive Conditions

01 Communique has positioned I'm InTouch as a cost effective and easy to use alternative for mobile workers in a SME as opposed to a VPN, which is more costly and complicated to install and maintain. Other companies providing a similar service include, but are not limited to, Citrix with its GoToMyPC product offering, and LogMeIn with its LogMeIn product offering.

I'm OnCall is positioned as a cost effective solution for its target markets, which include small to medium size businesses with a need for internal PC support, software companies supporting their products remotely and VARs supporting their customers' PCs and networks remotely. Other companies providing a similar service include, but are not limited to, Citrix with its GoToAssist and LogMeIn with its LogMeIn Rescue.

I'm InTouch Meeting is positioned as a cost effective and easy to use on-line meeting tool. Other companies providing a similar service include, but are not limited to, Citrix with its GoToMeeting, GoToWebinar and GoToTraining product offerings, LogMeIn with its Join.me product offering and WebEx with their product offerings.

01 Communique has three United States patents, two in Canada as well and one in Japan that provide the Company with the possibility of growing market share with its intellectual property rights (see General Development of the Business – Three Year History for further details on the Company's intellectual property) and related litigation.

As the remote access market grows and evolves, management of 01 Communique expects to experience increased competition in this segment of the market. Many of 01 Communique's competitors have much greater brand name recognition, a larger customer base and greater financial and other resources. There can be no assurance

that 01 Communique will be able to compete effectively with such companies. In addition to existing companies and existing products already available in the market, it is possible that new competitors or alliances among competitors and vendors may emerge and rapidly acquire market share.

Intangible Properties

The Company regards its software as proprietary and attempts to protect it through a combination of copyrights, trade secret laws, contractual restrictions on disclosure and transferring title and other methods, as well as seeking patent protection. Despite these precautions, it may be possible for unauthorized third parties to copy certain portions of the Company's products and obtain and use information the Company regards as proprietary. The Company's competitive position may be affected by its ability or inability to protect its proprietary information.

The Company licenses its products primarily under licenses included as part of the product packaging. These licenses are not negotiated with or signed by individual licensees and it is intended that they take effect upon the opening of the product package. Certain provisions of such licenses, including provisions protecting against unauthorized use, copying, transfer and disclosure of the licensed program, may be unenforceable under the laws of certain jurisdictions. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as do the laws of Canada and the United States. The Company does not copy protect its software. Accordingly, it may be possible for unauthorized parties to copy or reverse engineer the Company's products or otherwise obtain and use information that the Company regards as proprietary. Further, there can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's products, that the steps taken by the Company to protect its proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks, trade secrets or similar proprietary rights. In addition there can be no assurance that other parties will not assert infringement claims against the Company. Policing unauthorized use of the Company's products is difficult and, while the Company is unable to determine the extent of software piracy of its products, software piracy can be expected to be a persistent problem. See "Risk Factors - Proprietary Technology".

The Company's intellectual property is incorporated in its 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";
- 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";
- Canadian patent number 2,309,398, entitled "A system, computer product and method for remotely accessing and controlling a networked computer";
- United States patent application No. 12/690,348 entitled "System and method for remotely accessing and controlling a networked computer";

- Canadian patent application No. 2,677,113 entitled "System and method for remotely accessing and controlling a networked computer";
- Japanese patent application No. 2012-180675 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"

Employees

As at the date hereof, the Company has 11 employees, with the average number being 11 for the fiscal year ended October 31, 2015. In addition the Company makes use of contract software developers as well as contractors and agencies in other fields of expertise when required.

The Company is highly dependent on its President & CEO, Mr. Andrew Cheung, and currently has "key man" insurance in place for him in the amount of \$2 million.

Facilities

The Company leases its head office, which houses its principal executive, administrative, marketing and technical facilities. The head office is located at 1450 Meyerside Drive, Mississauga, Ontario, and totals approximately 3,800 square feet. The lease on the head office space expires on February 28, 2016 and contains no renewal option.

The Company has an office in Arlington, Virginia from which it manages its business development and intellectual property affairs and is located at 1100 N. Glebe Road, suite 1010, Arlington, VA.

The existing space is sufficient to meet the Company's requirements for the foreseeable future. In addition, should the Company decide to move its head office or its office in Arlington there is sufficient space available in both areas to meet the Company's requirements.

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.

1. Lack of Revenue and Profitability

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.

Management's plan to reduce the operating loss and ultimately become profitable is heavily dependent on (a) increasing product and service revenue from its I'm InTouch Meeting, I'm InTouch and I'm OnCall product lines

through direct sales efforts; (b) its relationship with Hitachi; (c) its patent lawsuit against Citrix; and (d) its intellectual property and product licensing efforts. However, there can be no assurances the Company will be successful on any of these four initiatives. Should the Company not be able to generate sufficient cash flows from any combination of these four initiatives to become profitable in the future and generate sufficient working capital to fund operations 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. The four initiatives identified above and associated risks are explained below.

(i) *Building direct sales subscriptions from on-line initiatives and direct sales efforts.*

The Company has developed and is marketing 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 and there can be no assurance that sufficient revenue will be generated from the direct sales channel or on-line initiatives in the future to allow the Company to become profitable and produce positive cash flow from operations.

(ii) *Build licensing revenue from the Hitachi relationship.*

The Company has formed a relationship with Hitachi whereby the companies have co-developed a product for the Japanese market based on the Company's intellectual property portfolio. Under the terms of a services agreement between the Company and Hitachi the companies have co-developed a server-based remote access offering, DoMobile, that is commercially available in Japan. Hitachi retains exclusivity for marketing DoMobile in Japan and the Company retains its marketing rights for the rest of the world.

The Company has also completed development and Hitachi has released to the Japanese market a remote support service similar to the Company's I'm OnCall service called DoSupport. Developed by 01 Communique in conjunction with Hitachi, DoSupport is a remote support infrastructure that is offered to Hitachi's customers via the Internet as Software as a Service ("SAAS"). Hitachi retains exclusivity for marketing DoSupport in Japan and the Company retains its marketing rights for the rest of the world.

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

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.

(iii) *The Citrix lawsuit against their GoToMyPC product offering.*

The Company is protecting its intellectual property and has a long outstanding patent infringement lawsuit against Citrix's GoToMyPC product offering. In February 2006, the Company commenced a lawsuit in the United States District Court, Northern District of Ohio, Eastern Division, against Citrix alleging infringement by their GoToMyPC product line of the '479 Patent. The Company is seeking damages based upon a reasonable royalty, back to August 2005 the date the patent was issued, for infringement, as well as pre and post judgment interest on awarded damages, treble damages for willful infringement, a permanent injunction and attorneys' fees. An overview of the events and timelines to date follows.

The first Markman Ruling. On March 16, 2007 the court issued a patent claim construction ruling adopting the Company's claim construction for 19 of the 20 disputed claim terms (commonly referred to as the "Markman Ruling").

The inter partes re-examination. On December 7, 2007, an inter partes re-examination of the '479 Patent was requested of the USPTO by Citrix. On March 12, 2008, the judge in the litigation issued a memorandum and order staying the case pending the inter partes re-examination. The Company proceeded with the re-examination and on July 6, 2010 a Right of Appeal Notice was issued confirming the patentability of the claims in the inter partes re-examination that were challenged by Citrix. Citrix filed a Notice of Appeal appealing that decision to the PTAB. On October 29, 2013 the PTAB rendered their decision affirming the Examiner's finding of validity of the '479 Patent. Citrix appealed that decision to the Federal Circuit. On October 16, 2014 the Federal Circuit rendered their decision affirming the PTAB's decision that the '479 Patent is valid and then issued their mandate to the USPTO to issue a re-examination certificate. On May 18, 2015 the USPTO issued an inter partes re-examination certificate.

The lifting of the Stay. After receiving the positive decision from the PTAB the Company requested and on February 14, 2014 the Court granted the request that the case be re-opened so that the stay can be lifted and the case proceed to trial.

The second Markman Hearing. A claim construction tutorial and hearing took place on November 12 and 13, 2014. On June 12, 2015 the Court issued its claim construction order and memorandum ruling on the meaning of four disputed claim terms, adopting the Company's proposed construction for all four claim terms. The Court also agreed with the Company that the preamble to claim 24 of the '479 Patent was not limiting and hence concluded that it was not necessary to construe two additional claim terms contained in the preamble.

The timetable. Expert discovery was completed on February 27, 2015. A jury trial is scheduled to commence January 8, 2016. Subsequent to year end, on December 22, 2015, the Court rendered its decision in respect of summary judgment motions filed as summarized below.

Citrix's motion for summary judgment that the asserted claims of the '479 Patent are ineligible under Section 101, commonly referred to as an Alice motion, was denied and the Company's motion for summary judgment that the asserted claims are eligible under Section 101 was granted.

The Company's motion for summary judgment of direct infringement was denied, with the Court finding that this matter should proceed to trial where it is the role of the factfinder at trial, not the Court on summary judgment, to consider the qualifications of the experts and the strength of their opinions with respect to infringement.

The Company's motion for summary judgment for exclusion of prior art references raised during the re-examination was denied however the order noted that the Company is not precluded from objecting at trial to the introduction of a prior art reference that was, or could have been, introduced during the re-examination.

Citrix's motion for summary judgment on the Company's claims for willful infringement and injunctive relief was denied, with these issues to be resolved at trial. Citrix's motion for summary judgment of no induced infringement was granted.

The California Action. On May 30, 2014 Citrix filed a complaint in the United States District Court Central District of California alleging infringement of their U.S. Patent No. 7,219,233 by the Company's I'm InTouch Meeting product and requesting a declaratory judgment against the Company alleging that Citrix's GoToMeeting product offering does not infringe the "479 Patent". An amended complaint was filed on July 31, 2014 dropping the request for a declaratory judgment and alleging infringement of two additional patents, being U.S. Patent No. 8,127,019 and 8,325,896. On October 23, 2014 the parties reached an agreement to withdraw their claims against each other as to their GoToMeeting and I'm InTouch Meeting products.

While the results of the first and second Markman Rulings received on March 16, 2007 and June 12, 2015 respectively reaffirm the Company's assertion that Citrix's GoToMyPC product offering infringe the '479 Patent and the Federal Circuit's decision in November 2014 reaffirms that the '479 Patent is valid there can be no guarantee that the Company will be successful in this litigation. In order to ultimately generate future profitable operations, the

Company is heavily dependent on the successful outcome of its patent litigation against Citrix. An unsuccessful result could materially adversely affect the Company's business and financial prospects. In addition, there can be no assurances that litigation tactics by the defendant or delays imposed by the courts will not result in significant delays before the parties either reach a settlement or trial.

The Company is making use of a contingency fee arrangement with its lawyers, Baker & Hostetler LLP ("Baker & Hostetler") a U.S. based law firm, in respect of this litigation. Management believes this is the most advantageous way for the Company to proceed as the financial burden of paying legal fees on an hourly rate could prove to be too onerous for the Company. A summary of the Company's contingency fee arrangements follows.

Under the terms of its engagement with Baker & Hostetler, the Company is responsible for certain out of pocket expenses associated with the litigation. A cap has been reached on these expenses and Baker & Hostetler is now responsible for such expenses for which they are to be reimbursed out of proceeds of settlement or an award of damages (if any). The Company will pay Baker & Hostetler a contingency fee on the conclusion of the litigation if there is either a settlement or an award of damages. The contingency fee will be a percentage of any such settlement or award (which may include any ongoing royalty or other payments received by the Company) with such percentage being within the range which management believes is customary for contingency fee arrangements for litigation of this nature. If, as opposed to a settlement or award of damages, there is a business resolution resulting in the sale of the Company or all or substantially all of the assets of the Company or a transfer of the patents owned by the Company then Baker & Hostetler will be entitled to receive a portion of any payments received by the Company in connection with the business resolution if such resolution results in a termination of the litigation or materially changes the nature of any such lawsuit. Management believes that the contingency fee is within the range of percentages customary for agreements of this nature.

There can be no guarantee that the Company will be successful in its litigation against Citrix.

(iv) *Build licensing revenue from the Company's patents and its products.*

The Company plans to build revenue by licensing its products under similar arrangements that it has with Hitachi where the Company maintains the IP rights and has customized the product for Hitachi which then markets the product and the Company shares in the revenue.

In addition, the Company plans to develop intellectual property licensing revenue from companies that are looking to market the I'm InTouch product offering along the lines of the agreement with Hitachi and that management believes infringe on the Company's patents. While the Company has identified a number of companies with products that the Company believes infringe its IP there can be no guarantee that the Company will be able to prove infringement nor can there be any assurance that the Company will be successful in its attempt to arrange IP licensing or product agreements on commercial terms acceptable to the Company in a reasonable timeframe.

Should the Company proceed with further patent lawsuits there can be no guarantee that the Company will be successful in the litigation as there is inherent risk associated with patent litigation. The Company has previously initiated patent lawsuits with varied results. A summary follows.

The LogMeIn Lawsuit. On September 8, 2010, the Company filed a lawsuit in the Eastern District of Virginia, against LogMeIn Inc. ("LogMeIn") and Dell Inc. ("Dell") alleging infringement of the '479 Patent seeking past damages going back to August 9, 2005 as well as a permanent injunction against both Dell and LogMeIn prohibiting infringement. On December 15, 2010, the Company entered into a settlement agreement with Dell, whereby Dell has discontinued the Dell Remote Access Products and Services accused of infringement. The case against LogMeIn proceeded to trial and on March 26, 2013 the jury in the trial rendered its verdict concluding that 01 Communique's '479 Patent is valid but that 01 Communique failed to prove infringement of the '479 Patent. On April 2, 2013 the district court entered judgment on the March 26, 2013 jury verdict. The Company appealed that decision and on June 9, 2014, the Federal Circuit issued its Order in respect of the Company's appeal affirming the district court's finding that LogMeIn did not infringe 01 Communique's patent while also affirming the district court's finding that the patent is valid.

The WiLAN Agreement. A number of companies have been identified, in addition to Citrix and LogMeIn, that the Company believes infringe on the '479 Patent. In June 2011, the Company entered into an agreement with WiLAN whereby WiLAN will assist the Company in developing and executing an enforcement strategy against a number of such companies that the Company believes are using the technology covered by the Company's patents. WiLAN is responsible for all costs associated with implementing the litigation strategy, which include all costs associated with litigation should litigation be required to enforce the Company's intellectual property rights against these companies with such costs being reimbursed from licensing proceeds. The Company will pay WiLAN a fee if there are any amounts collected from these companies with respect to the Company's patents. The fee will be a percentage of any such amounts received by the Company, net of costs incurred by WiLAN, with such percentage being in the range which management believes is customary for an agreement of this nature. There can be no guarantee that the Company's relationship with WiLAN will lead to significant revenues for the Company.

The Bomgar lawsuit. On January 4, 2012, the Company together with WiLAN filed a lawsuit in the Eastern District of Virginia, against Bomgar alleging infringement of the '479 Patent seeking past damages going back to August 9, 2005, as well as a permanent injunction prohibiting infringement. On June 9, 2012, a Settlement and Patent License Agreement was concluded with Bomgar, which settles all litigation among the parties and provides Bomgar with a license to the Company's US Patent No. 6,928,479 and 6,938,076, US Patent App. No. 95/001018, Canada Patent No. 2,309,398 and certain patents issuing from or claiming priority to the foregoing. Due to a confidentiality clause contained in the agreement financial terms have not been disclosed.

2. Patent Applications

The Company filed two patent application in the United States (No. 12/690,348) and (No. 14/486492), in Canada (No. 2,677,113) and a patent application in Japan (No. 2001-585536). While the Company believes the claims of invention are patentable, there can be no assurance that the USPTO or other patent offices will issue a patent on the inventions.

3. 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.

4. 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 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. Currency Risk

A substantial portion of the Company's revenues are now, and are expected to continue to be, realized in United States dollars. In addition, the Company's patent enforcement and re-examination expenses are now, and are expected to continue to be, primarily paid 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. In particular, the Company may be adversely affected by a strengthening of the Canadian dollar against the United States dollar if revenues in United States dollars exceed patent enforcement and re-examination expenses

incurred in United States dollars. The Company may also be adversely affected by a weakening of the Canadian dollar against the United States dollar if the Company's patent enforcement and re-examination expenses incurred in United States dollars are in excess of the Company's revenue in United States dollars.

10. 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.

11. 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.

12. 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

13. 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.

14. 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.

15. 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, intellectual property agreements and developments in the Company's litigation. 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. 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".

16. 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 14% 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.

DIVIDEND POLICY

The Company has no fixed dividend policy and no dividends have been paid on any shares of the Company during its five last completed financial years. The Company intends to retain future earnings to finance the development of its business and, accordingly, does not anticipate paying dividends on its Common Shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board and will depend upon the results from operations, capital requirements and such other factors as the Board considers relevant. There are currently no restrictions, which prevent the Company from paying dividends.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares, 50,000 Series A Preference Shares and an unlimited number of Preference Shares, issuable in series. As at the end of the fiscal year ended October 31, 2015, the Company had 66,243,807 Common Shares outstanding and there are no Series A Preference Shares or other Preference Shares outstanding.

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:

- 66,243,807 common shares

There are 5,737,000 stock options outstanding convertible into common shares at exercise prices ranging from \$0.20 to \$1.16. The options expire between January 11, 2016 and December 10, 2018.

There are 800,000 common share purchase warrants outstanding convertible into common shares at an exercise price of \$0.21. The warrants expire on April 27, 2018.

Common Shares

Each Common Share entitles the holder thereof to one vote at all meetings of shareholders, other than meetings of the holders of another class of shares, and to receive the property of the Company on liquidation, dissolution or winding-up after payment to the holders of the preference shares. The Common Shares carry no special rights or restrictions.

Preference Shares

The Series A preference shares are entitled to a preference over the Common Shares in respect of the payment of dividends and return of capital in the event of liquidation, dissolution or winding up of the Company. The holder of each Series A preference share is entitled to receive, as and when declared by the directors out of the monies properly applicable to the payment of dividends, preferential non-cumulative cash dividends at the rate of eight percent per share per annum of the amount paid to the Company for such share and no more. The holder of each Series A preference share shall have the right to two votes for such Series A preference share at all meetings of shareholders, other than meetings of the holders of another class or series of shares. In the event of the liquidation, dissolution or winding up of the Company, the holder of each Series A preference share shall be entitled to receive the amount paid to the Company for such share, together with all unpaid dividends declared.

MARKET FOR SECURITIES

The Common Shares are traded on the TSX-V under the symbol ONE. The following table summarizes the price ranges and volume of Common Shares traded for each month during the most recently completed financial year.

Date	Open	High	Low	Close	Volume traded	Value traded
2015 - Oct	\$ 0.49	\$ 0.50	\$ 0.41	\$ 0.45	506,363	\$ 229,094
2015 - Sept	\$ 0.41	\$ 0.54	\$ 0.40	\$ 0.50	1,073,643	\$ 524,118
2015 - Aug	\$ 0.43	\$ 0.45	\$ 0.37	\$ 0.43	423,500	\$ 181,065
2015 - Jul	\$ 0.42	\$ 0.45	\$ 0.41	\$ 0.43	853,069	\$ 368,894
2015 - Jun	\$ 0.19	\$ 0.52	\$ 0.19	\$ 0.42	3,476,667	\$ 1,403,983
2015 - May	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.19	648,148	\$ 119,733
2015 - Apr	\$ 0.21	\$ 0.22	\$ 0.18	\$ 0.20	432,631	\$ 85,856
2015 - Mar	\$ 0.25	\$ 0.26	\$ 0.15	\$ 0.20	999,610	\$ 190,707
2015 - Feb	\$ 0.26	\$ 0.26	\$ 0.22	\$ 0.25	468,085	\$ 114,989
2015 - Jan	\$ 0.21	\$ 0.27	\$ 0.20	\$ 0.25	1,443,053	\$ 333,081
2014 - Dec	\$ 0.22	\$ 0.22	\$ 0.15	\$ 0.20	2,405,942	\$ 404,172
2014 - Nov	\$ 0.24	\$ 0.26	\$ 0.22	\$ 0.23	287,375	\$ 69,429

On March 8, 2000, the Common Shares were listed and posted for trading on the Toronto Stock Exchange (“TSX”). Prior to that time, the Common Shares of the company traded on the Canadian Dealing Network Inc.

On July 31, 2014 the Company’s shares commenced trading on the TSX-V. The last day of trading on the TSX was July 30, 2014. The trading symbol for the Company remained the same, ONE.

DIRECTORS AND OFFICERS

The directors and officers of the Company, their municipalities of residence, positions and/or offices with the Company, principal occupations and, in the case of the directors, the year they first became directors of the Company, are as follows:

Name, municipality of Residence and Position/Office	Year first became a Director	Principal Occupation
ANDREW CHEUNG ⁽³⁾ Toronto, Ontario, Canada President & CEO, Director	Since inception, 1992	President & Chief Executive Officer of the Company.
GIGILOO ⁽³⁾ Toronto, Ontario, Canada Controller, Corporate Secretary & Director	Since Inception, 1992	Corporate Secretary, Controller of the Company.
WILLIAM A. TRAIN ⁽¹⁾⁽²⁾⁽³⁾ Oakville, Ontario, Canada Chairman & Director	1995	Private investor.
GARY F. KISSACK ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada Director	2006	Barrister and Solicitor.
KELVIN ZWEEP ⁽¹⁾⁽²⁾⁽³⁾ , Kettleby, Ontario, Canada Director	2009	President, The Harvard Group.
BRIAN STRINGER Markham, Ontario, Canada Chief Financial Officer	N/A	Chief Financial Officer of the Company.

- 1) Member of the Audit and Risk Management Committee.
- 2) Member of the Compensation and Human Resources Committee.
- 3) Member of the Corporate Governance Committee.

The directors and officers of the Company, as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 10,493,300 Common Shares of the Company representing 16% of the issued and outstanding Common Shares.

The term of office for all directors expires at the time of the election of their successors at the next annual meeting of shareholders of the Company.

Each of the directors and officers of the Company has been engaged in his or her present occupation for the past five years other than Mr. Kissack. Between February 2006 and September 30, 2012, Mr. Kissack focused primarily on providing consulting and legal advice to an international client base pursuing strategic mergers and acquisitions. From October 1, 2012 to present Mr. Kissack has been a lawyer with Fogler, Rubinoff LLP.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the best of the knowledge of the Company:

- (A) none of the directors or executive officers of the Company is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to

an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the foregoing "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to an exemption under securities legislation, in any case that was in effect for a period of more than 30 consecutive days;

- (B) none of the directors or executive officers of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control the Company: (i) is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

except as set forth below.

Mr. Andrew Cheung, the President and Chief Executive Officer, entered into a settlement agreement with the Ontario Securities Commission dated April 20, 2005 whereby pursuant to section 127(1) clause 9 and section 127.1 of the *Securities Act* (Ontario) Mr. Cheung paid an administrative penalty of \$5,000 and \$3,500 in costs respectively for failure to file insider trading reports for trading of the Common Shares by a company beneficially controlled by Mr. Cheung, such reports being subsequently filed.

Mr. Gary F. Kissack, a director of the Company, was a director of Solid Resources Ltd. ("Solid") from April 24, 2007 to February 12, 2009. On June 14, 2007 the TSX-V halted trading in Solid's common shares pending clarification of its affairs and the involvement of its former president and chief executive officer in its ongoing operations. The trading halt was lifted on December 20, 2007.

Other Penalties

To the best of the Company's knowledge except as noted above, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In February 2006, the Company commenced a lawsuit in the United States District Court, Northern District of Ohio, Eastern Division, against Citrix alleging infringement by their GoToMyPC® product line of the '479 Patent. The Company is seeking damages based upon a reasonable royalty, back to August 2005 the date the patent was issued, for infringement, as well as pre and post judgment interest on awarded damages; treble damages for

willful infringement, a permanent injunction and attorneys' fees. See "General Development of the Business – Three Year History and Risk Factors".

In September 2010, the Company filed a lawsuit in the Eastern District of Virginia against LogMeIn and Dell Inc. ("Dell") alleging infringement of the '479 Patent. The complaint seeks past damages going back to August 9, 2005 which is the date the patent was issued. The complaint also seeks injunctive relief. On December 15, 2010, Dell entered into a settlement agreement with the Company, pursuant to which Dell agreed to discontinue the Dell Remote Access Products and Services accused of infringement in the action and paid the Company a settlement amount. The settlement amount is not material to either company. The Company proceeded to trial with LogMeIn and on March 26, 2013 the jury in the LogMeIn trial rendered its verdict concluding that 01 Communique's '479 Patent is valid but that LogMeIn does not infringe the patent. On April 2, 2013 the Court entered judgment on the March 26, 2013 jury verdict. The Company disagrees with the finding of non-infringement and appealed the decision. On June 26, 2013 the Company filed a notice of appeal with the Federal Circuit (Appeal Nos. 2013-1479). LogMeIn filed a cross appeal, (Case No. 2013-1525) which was consolidated with the Company's appeal. On June 9, 2014 the Federal Circuit issued its order in respect of the appeals affirming the district court's finding that LogMeIn did not infringe the Company's '479 patent while also affirming the district court's finding that the '479 patent is valid. See "General Development of the Business – Three Year History and Risk Factors".

Management of the Company is not aware of any other material litigation or regulatory action that the Company may be a party to.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer or principal shareholder of the Company has been involved in a material transaction with the Company within the three most recently completed financial years or during the current financial year other than the following:

The Company's President and CEO invoices the Company for his services that pertain to research and development pursuant to a contractor agreement. Fees paid under this agreement during 2015 were \$102,000 (2014 - \$102,000) have been included in research and development expenses. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. In addition the President and CEO received a salary for 2015 of \$38,000 (2014 - \$101,750) which has been recorded in selling, general and administrative expenses.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Equity Financial Trust Company, 200 University Ave., Suite 400, Toronto, Ontario, M5H 4H1.

AUDIT COMMITTEE INFORMATION

1. The Audit Committee's Charter

The Charter of the Company's Audit and Risk Management Committee (the "Committee") is reproduced below. The Committee has the mandate to monitor audit functions, the preparation of financial statements, the review of press releases on financial results, the review of other regulatory documents, as required, and to meet with the Company's external auditors independently of management.

- (1) Appointment of Committee Members – Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board.

- (2) Orientation of New Members – New Committee members will participate in such training and orientation as may be deemed by the Board or the Corporate Governance and Nominating Committee to be necessary or appropriate in the circumstances.
- (3) Vacancies – Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three Directors.
- (4) Committee Chair – the Board shall appoint a Chair for the Committee.
- (5) Absence of Committee Chair – If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.
- (6) Secretary of the Committee – The Committee shall appoint a Secretary who need not be a Director of the Company.
- (7) Meetings - The Committee meets at least 4 times per year to fulfill its mandate. Such meetings are normally held on a quarterly basis prior to the Company releasing its quarterly results. In addition to these regular quarterly meetings, the Committee meets from time to time when and if required. In addition, the Chair of the Committee may call a special meeting of the Committee at any time.
- (8) Quorum – A majority of the members of the Committee shall constitute a quorum.
- (9) Notice of Meetings – Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication) to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting; and attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- (10) Attendance – At the invitation of the Chair of the Committee, one or more officers of the Company may attend any meeting of the Committee.
- (11) Procedure, Records and Reporting – Subject to any statute or the articles and by-laws of the Company, the Committee shall fix its own procedures at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board). The minutes of its meetings shall be tabled at the next meeting of the Board.
- (12) The Company’s Auditors – The Committee shall recommend to the Board: (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company; and (b) the compensation of the external auditor.

The external auditors of the Company shall both report to, and ultimately be accountable to, the Committee and the Board as representatives of the shareholders. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- (13) Delegation of Responsibilities – The Committee will be entitled to delegate from time to time to any individual or subcommittee any of its responsibilities that lawfully may be delegated.

Once per year, generally during the review of the annual results, the Committee meets to review key business risks, the disclosure of risks and uncertainties, and developments in corporate governance affecting audit committees, financial reporting and public company compliance, and accounting principles and standards. The Committee reviews the operating and capital budgets as well as the audit plan and meets with the Company's auditor in the absence of management.

Reporting to the Board of Directors, the Committee shall be responsible for assisting in the Board of Directors' oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by management of the Company and its subsidiaries.

The Committee shall also have the responsibility of overseeing (i) the qualifications, independence and performance of the independent auditors, (ii) the establishment by management of an adequate system of internal controls and (iii) the maintenance by management of practices and processes to assure compliance with applicable laws.

The Committee shall be composed of not less than three Directors of the Company, none of whom are officers or employees of the Company or any of its affiliates. In addition, all members of the Committee must be considered financially literate.

Regular meetings of the Committee may be held at such time or times as the Board of Directors, the Chair of the Board, or the Committee Chair may determine and special meetings of the Committee may be called by, or by the order of, the Chair of the Board, the Committee Chair, or any member of the Committee. In accordance with the *Business Corporations Act* (Ontario) (the "Act"), the independent auditors may also call a meeting of the Committee. The independent auditors shall receive notice of every meeting of the Committee and the independent auditors are entitled to attend and participate in such meetings. The Committee Chair, or an alternate Committee member, shall provide a report on each Committee meeting to the Board of Directors and minutes of Committee meetings shall be prepared and circulated to the Board of Directors. The Board of Directors, after consideration of the recommendation of the Committee, shall nominate the independent auditors for appointment by the shareholders of the Company in accordance with applicable law.

In carrying out its responsibilities, the Committee shall have the following specific oversight duties:

- (a) Review, at least annually, the performance of the independent auditors, and annually recommend to the Board of Directors, for approval by the shareholders, the appointment of the independent auditors of the Company;
- (b) Review and engage in an active dialogue with the independent auditors on the independent auditors' written statement confirming their relationships with the Company and their independence from the Company, and either confirm to the Board of Directors that the independent auditors are independent in accordance with applicable regulations or recommend that the Board of Directors take appropriate action in response to the independent auditors' written statement to enable the Board of Directors to satisfy itself of such independence;
- (c) Review and approve the terms of any annual audit engagement of the independent auditors, and monitor compliance with the process approved by the Committee with respect to the engagement of the independent auditors for any audit related services and advice with respect to taxation matters, and review and recommend to the board of directors for their approval the proposed compensation to be paid to the auditors for the annual audit and any audit related services and advice with respect to taxation matters;
- (d) Pre-approve all non-audit services to be provided by the external auditors to the Company or any subsidiaries by the Company's external auditor. The Committee may delegate to one of its

members the approval of such services, in which case the items approved will be reported to the Committee at its next scheduled meeting following such pre-approval;

- (e) Review with management and the Company's external auditors the Company's financial reporting in connection with the annual audit and the preparation of the financial statements, including, without limitation, the judgment of the external auditors as to the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (f) Review and approve the Company's hiring policies regarding partners, employees and former partners or employees of the present and former external auditors;
- (g) Review, as appropriate, any report required by the appropriate regulatory authority to be included in the annual management information circular related to the matters covered by this Charter including the disclosure of the external auditors' services and fees, Committee members and their qualifications and activities of the Committee;
- (h) Periodically review the status and findings of the independent auditors' audit program, the significant financial risks and exposures of the Company and the adequacy of internal controls established by management and, where appropriate, make recommendations or reports thereon to the Board of Directors;
- (i) Review the internal control procedures to determine the effectiveness of the Company's internal controls and to determine that the Company is in compliance with legal and regulatory requirements and with the Company's policies;
- (j) Discuss with management the Company's policies and procedures for managing the principal risks of its business to determine that management has identified the principal risks of the Company's businesses and has implemented and is maintaining systems and procedures to manage those risks;
- (k) Receive and review reports and communications from the independent auditors and review management's response and actions taken to remedy any identified weaknesses or deficiencies identified in such reports and communications, including any difficulties encountered in performing the audit;
- (l) Cause procedures to be established for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing issues and establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing issues;
- (m) Review significant changes in the accounting principles in the preparation of the accounts of the Company and its subsidiaries, or in their application, and in financial statement presentation;
- (n) Conduct investigations to resolve disagreements, if any, between management and the independent auditors;
- (o) Review and monitor practices and procedures adopted by management to assure compliance with applicable laws, including reporting and disclosure requirements under applicable securities laws related to financial performance and material undertakings and activities of the Company and its subsidiaries, and, where appropriate, make recommendations or reports thereon to the Board of Directors;
- (p) Periodically, but not less than annually, and at any time in response to a specific request by management or the independent auditors, meet separately with management and the independent auditors, in a manner that facilitates separate independent communication with the Committee,

with respect to such matters as the effectiveness of the system of internal controls established by management, the adequacy of the financial reporting process, the quality and integrity of the financial statements, and any other matter that may be appropriate;

- (q) On at least an annual basis, review with management and the independent auditors, the appropriateness of establishing an internal audit function;
- (r) Be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the paragraph below, and must periodically assess the adequacy of those procedures;
- (s) Review and recommend to the Board of Directors for approval, prior to public dissemination:
 - i) the financial statements of the Company;
 - ii) management's discussion and analysis of the financial condition and results of operations (MD&A") with regard to the financial statements;
 - iii) the annual information form;
 - iv) the contents of the annual report to shareholders;
 - v) press releases containing earnings guidance and financial information, inclusive of the Company's annual and interim earnings press releases;
 - vi) all certifications that may be made by the Chief Executive Officer and Chief Financial Officer on the annual or quarterly financial results, disclosure controls and procedures and internal controls over financial reporting;
 - vii) any financial information contained in any prospectus, information circular or other disclosure documents or regulatory filings containing financial information of the Company;

and any other similar disclosure filings to be made by the Company under the requirements of securities law or stock exchange rules applicable to the Company;

- (t) Review and consider, as appropriate, any significant reports and recommendations issued by the Company or by any external party relating to internal audit issues, together with management's response thereto;
- (u) Review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements;
- (v) Meet separately with management and the external auditors from time to time, as it deems necessary, but not less than annually, and consider any matter that they recommend bringing to the attention of the Board;
- (w) Review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Company and its affiliates in order to determine the external auditors' independence;
- (x) Review the procedures followed by management, prior to public release, in order to satisfy themselves that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the financial statements;

- (y) Prepare such reports of the Committee as may be required by any applicable securities regulatory authority to be included in the proxy material or any other public disclosure document of the Company; and
- (z) Annually prepare a report from the Committee to shareholders or others, concerning the Committee's activities in the discharge of its responsibilities, when and as required by applicable laws or regulations.

In discharging its duties and responsibilities, the Committee may direct that the independent auditors examine or consider a specific matter or area and report to the Committee on the findings of such examination. The Committee may direct the independent auditors to perform supplemental reviews or audits as the Committee deems desirable. The Committee may also conduct such examinations, investigations or inquires, and engage such special legal, accounting or other advisors on the terms and conditions, including fees, as the Committee considers appropriate. The Committee may request any officer or employee of the Company or any of its affiliates or the legal advisors or independent auditors for the Company or any of its affiliates to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

The Committee shall review and assess the adequacy of the Committee mandate annually, report to the Board of Directors on the results of such assessment, and recommend any proposed changes to the Board of Directors for approval. The Committee shall also perform an annual evaluation of the performance of the Committee, and report to the Board of Directors on the results of such evaluation.

The Committee may, at the request of the Board or on its own initiative, investigate such other matters as are considered necessary or appropriate in the circumstances and shall have the authority to (i) retain independent counsel and other advisors, as it determines necessary to carry out its duties, and (ii) set and pay the compensation for any advisors employed by the Committee.

2. Composition of the Committee

Mr. William Train, Mr. Gary Kissack and Mr. Kelvin Zweep are members of the Committee. All are independent members of the Board and all members of the Committee are financially literate.

3. Relevant Education and Experience

The Company considers an individual to be financially literate if they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. It is the opinion of the Board that each of the members of the Committee meets this test.

Mr. William Train is Chair of the Audit Committee. He has a degree in Economics from the University of Toronto. He has been a senior executive in several companies in the high technology sector in both Canada and the United States. He has sat on the board of directors of three companies and has served on the Board since 1995. He was also the Chair of the audit committee of OZZ Corporation.

Mr. Gary Kissack was a lawyer with a Toronto-based full-service business law firm servicing a diversified roster of national and international clients for over 10 years. Mr. Kissack's practice concentrated in the area of corporate finance, private equity, securities, mergers and acquisitions and restructurings. Between February 2006 and September 30, 2012, Mr. Kissack focused primarily on providing consulting and legal advice to an international client base pursuing strategic mergers and acquisitions. From October 1, 2012 to present Mr. Kissack has been a lawyer with Fogler, Rubinoff LLP.

Mr. Kelvin Zweep is the President of The Harvard Group, an executive search firm that also provides financial advisory services. Mr. Zweep is the founder of The Harvard Group, which has been in business for 22

years. Over this period he has been contracted by numerous companies, mostly small to mid size firms, to perform a variety of financial advisory services, including but not limited to acquisitions and divestitures.

4. Pre-Approved Policies and Procedures

The Committee's charter provides that the Committee is responsible for pre-approving all non-audit services to be provided by the Company's external auditor. The Committee may delegate to one of its members the approval of such services, in which case the items approved will be reported to the Committee at the next scheduled meeting following such pre-approval.

5. External Auditor Service Fees

In addition to performing the audit of the Company's annual consolidated financial statements, KPMG LLP provided other services to the Company and they billed the Company the following fees for each of the Company's two most recently completed fiscal years:

Description	2015	2014
Audit Fees	\$51,500	\$51,500
Audit – Related Fees	\$---	\$---
Tax Fees	\$---	\$---
All Other Fees	\$---	\$---

- (a) "Audit Fees" means the aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit services.
- (b) "Audit-Related Fees" means the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and are not reported under clause (a) above.
- (c) "Tax Fees" means the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning.
- (d) "All Other Fees" means the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than the services reported under clauses (a), (b) and (c), above.

INTEREST OF EXPERTS

The Company's Auditor, KPMG LLP (KPMG), have prepared the Auditors' Report with respect to the consolidated financial statements of the Company for the year ended October 31, 2015. KPMG have advised that they are independent of the Company within the meaning of The Rules of Professional Conduct of The Institute of Chartered Accountants of Ontario, Canada.

MATERIAL CONTRACTS

During the fiscal year ended October 31, 2015 the Company has not entered into any material contracts other than those entered into in the normal course of business.

ADDITIONAL INFORMATION

Additional information relating to the Company filed under its continuous disclosure obligations are available on SEDAR (the System for Electronic Document Analysis and Retrieval, which has been established by the Canadian Securities Administrators) at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's management information circular for its most recent annual meeting of shareholders that involved the election of directors, and additional financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

A copy of such documents may be obtained, upon request, from the Company's Secretary. The Company may require the payment of a reasonable charge from a person or company who is not a holder of securities of the Company.