



01 Communique Laboratory Inc.

Management's Discussion and Analysis

For the three and six months ended April 30, 2020

ONE : TSX-V

Dated: June 10, 2020

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(In Canadian dollars)

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1. Introduction:

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A") has been prepared by management and is a review of the consolidated operating results and financial position of 01 Communique Laboratory Inc. ("01 Communique" or the "Company"), based upon International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's unaudited consolidated financial statements and notes to the unaudited consolidated financial statements as at and for the three and six month periods ended April 30, 2020.

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

This document and the related audited consolidated financial statements were authorized for issue by the board of directors on June 10, 2020.

All amounts are expressed in Canadian dollars unless otherwise stated. This MD&A is effective as of June 10, 2020.

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

2. Forward-looking statements:

This MD&A contains certain statements that may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements use such words as "may", "will", "expect", "believe", "plan", "intend", "are confident" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, risk factors discussed in this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These

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

3. Corporate overview and update:

The Company is focused on the development and commercialization of Post-Quantum Cryptography ("PQ-Crypto") and Post-Quantum Blockchain ("PQBC") technologies. In summary our vision in this respect is to commercialize our PQ-Crypto and PQBC technologies, which can be implemented on classical computer systems as we know them today while at the same time are secure enough to safeguard against potential quantum computer attacks.

The Company has a patent application for this technology:

- United States patent application No. 16/268,098 entitled "A Cryptographic System and Method". Our invention relates generally to cryptographic systems and methods. More particularly, our invention relates to public key cryptographic systems and methods that can be used, for example, to build highly secure systems for data storage, access, encryption, decryption, digital signing, and digital signing verification. Our cryptographic system is expected to protect our customers against the ever-evolving illegitimate and malicious means of gaining access to their data.

The Company has commenced its plan for commercialization of patent application No. 16/268,098 with the introduction of:

- (1) IronCAP Application Program Interface ("API") was released in August 2019. The IronCAP API is available to vendors and can be used by vendors, for example, to build highly secure "post-quantum" systems for blockchain, 5G/IoT, data storage, remote access/VPN, encryption, digital signing etc. using the standard PKCS#11 and OpenPGP formats.
- (2) IronCAP X, a new cybersecurity product for email/file encryption was released on April 23, 2020. This digital signature system is built by implementing the patent application to provide end-to-end encrypted messages. IronCAP X has two major differentiations from what is in the market today. Firstly, offerings in today's market store users secured emails on email-servers for recipients to read, making email-servers a central target of cyber-attack. Our new product, on the other hand, delivers each encrypted message end-to-end to the recipients such that only the intended recipients can decrypt and read the message. Consumer's individual messages are protected, eliminating the hackers' incentive to attack email servers of email providers. Secondly, powered by our patent-pending PQ-Crypto technology, we believe IronCAP X is the world's first quantum-safe, digital signature email system; secured against cyberattacks from today's systems and from quantum computers in the future. Consumers and businesses using our new cybersecurity product will have tomorrow's cybersecurity today.

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The Company continues with work to help ensure the successful commercialization of IronCAP X and the IronCAP API.

The Company received endorsements supporting our belief that IronCAP is secure enough to safeguard against potential attacks from quantum computers. In December 2019, the Company ran a hackathon challenge which ran for 36 days open to contestants from anywhere in the world. A cash prize of \$100,000 was offered as a reward to any contestant who could crack IronCAP's quantum-safe encryption. There were 517 registrations from various countries around the world all trying unsuccessfully for the \$100,000 reward. In addition IronCAP was selected as the Editor's Choice Award in a special "Quantum Computing" edition of the CIOReview magazine. CIO Review profiled the "10 Most Promising Quantum Computing Solution Providers" of 2019, and selected IronCAP as the Editor's choice.

In March 2020, the Company along with business partner Hitachi Solutions Create, Ltd, ("Hitachi Solutions Create") announced a 3-month free usage offer of DoMobile remote access services in Japan. The offer is to support the business community with increased telecommunications usage during the current coronavirus pandemic. DoMobile, which is marketed by HSC, is our I'm InTouch remote access service. DoMobile allows mobile professionals and telecommuters to connect and interact with their home or office computer to access the information and essential business tools they need from anywhere, anytime using any computer or wireless device with an Internet connection.

In January 2020, management of the Company had a successful business development trip in Asia which included attending the Asian Financial Forum and meetings with numerous potential customers, including many based in mainland China.

Increased business development activities have resulted in the signing of a memorandum of understanding (MOU) with Hitachi Solutions Create in Japan as well as ixFintech and Nexusguard Consulting Limited in Hong Kong with respect to licensing IronCAP technology. Discussions with other leading technology firms are in progress.

On May 29th subsequent to the end of the quarter the Company strengthened its balance sheet completing a non-brokered private placement of units ("Units"). Pursuant to the offering the Company issued a total of 1,683,334 Units raising aggregate gross proceeds of \$202,000. Following the closing of the offering, the Company has 81,918,806 common shares issued and outstanding. Each Unit was issued at a price \$0.12 and consists of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant. The Company will use the gross proceeds of the offering of Units for product development and general working capital purposes.

On June 9th the Company announced that the United States Patent and Trademark Office ("USPTO") has issued the Company a receipt for its Patent Application No.16/893,709 for a

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Cryptographic System and Method that facilitates sending encrypted emails to a recipient. 01 Communique has filed a patent application directed to an invention that is being used in a future version of IronCAP X (to be released very soon) and facilitates sending encrypted emails to a recipient without having to first ask the recipient to become a registered user of IronCAP X. This invention enables a seamless plug-and-play mechanism to automatically invite new IronCAP X users fueling a viral growth pattern.

In addition, the Company has a number of patents and patent applications which are incorporated in its I'm InTouch, I'm OnCall and I'm InTouch Meeting legacy product and service offerings, as follows:

- United States patent number 6,928,479 (the " '479 Patent") entitled "System, computer product and method for providing a private communication portal";
- United States patent number 6,938,076 entitled "System, computer product and method for interfacing with a private communication portal from a wireless device";
- United States patent number 8,234,701 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,524,039 entitled "System, method and computer program for remotely sending a digital signal(s) to a computer";
- Canadian patent number 2,309,398, entitled "A system, computer product and method for remotely accessing and controlling a networked computer";
- Japanese patent number 4,875,094 entitled (as translated) "Method of accessing and/or controlling target computer, involves directing proxy server to send digital signal to target computer, so that remote computer is permitted to access/control target computer on receipt of digital signal";
- Japanese patent number 5,832,027 entitled (as translated) "Private communication portal provision system for two-way pager network, has location facility computer for facilitating communication between two other computers"; and
- United States patent application No. 14/486492 entitled "System, computer product and method for implementing a cloud service with private storage"

4. Going concern:

The Company has sustained substantial losses and negative cash flows from operations in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing. In addition to the loss from operations and negative cash flows the Company has a working capital deficiency as at April 30, 2020 of \$209,840.

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Management's plan to reduce the operating loss and ultimately become profitable and produce positive cash flows from operations is heavily dependent on: (i) a successful outcome from its strategic initiatives to realize monetary value from the development and commercialization of its Post-Quantum Cryptography and Post-Quantum Blockchain technologies; (ii) increasing product and service revenue from its I'm InTouch product offering through downloads from the Company's website; and (iii) its relationship with a key customer Hitachi Solutions Create. However, there can be no assurances the Company will be successful on any of these three initiatives.

Should the Company not be able to generate sufficient cash flows from any combination of these three initiatives to become profitable in the future and generate sufficient working capital to fund operations, then it will become necessary to secure additional sources of financing; however, there can be no assurances that any such financing will be available to the Company or that such funds will be available on acceptable terms and within an acceptable period of time.

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

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

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

We are implementing a plan on transitioning our focus and strategy to the development of our PQ-Crypto and PQBC technologies.

Blockchain is a decentralized, digitized, public ledger of all transactions, using what is known as Distributed Ledger Technology. In recent years Blockchain technology has garnered significant attention because it has successfully raised the bar for cyber security. This is due to the fact that corrupting or altering any piece of information on the Blockchain is generally considered to be a remote possibility as it would require vast amounts of computing power. The reason for this is that data blocks in a Blockchain are digitally signed with private keys and the signatures can only be validated using their corresponding public keys. Using the existing classical computer systems of today it is unlikely they would be able to get a private key from its corresponding public key.

However, there is a new breed of computer in development called Quantum Computers which may threaten the security of current Blockchain technology. A Quantum Computer can process information exponentially faster than "classical computers" which could render existing public key encryption unsecure. Since public key encryption is a cornerstone of cyber security today, Quantum Computers may have the ability to break Blockchains based on public key encryption.

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As a result, the Company has devoted a significant amount of time researching this new disruptive cyber security technology and based on this research we are proceeding with the development and commercialization of products incorporating our PQ-Crypto and PQBC technologies that we believe may be secure against Quantum Computer attacks. The IronCAP API, which incorporates our PQ-Crypto and PQBC technologies, was released in August 2019 and IronCAP X, which also incorporates these technologies, was released in April of this year.

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

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

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

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

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

The Company has formed a relationship with Hitachi Solutions Create whereby the companies have co-developed products for the Japanese market based on the Company's intellectual property portfolio. Hitachi Solutions Create retains exclusivity for marketing these products in Japan and the Company retains its marketing rights for the rest of the world.

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

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

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5. Overview of results of operations:

The information in the financial table below present selected financial information for the three and six months ended April 30, 2020 and 2019. Information has been prepared in accordance with IFRS. The amounts are in Canadian Dollars.

	<i>for the 3 months ended</i>		<i>for the 6 months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Revenue	\$ 73,297	\$ 74,685	\$ 114,667	\$ 124,720
Expenses:				
Selling, general and administrative	162,918	151,137	304,570	281,149
Research and development	131,404	94,930	202,499	179,178
	294,324	246,066	507,069	460,327
Loss before accretion on liability component of debenture, interest, other income, and taxes	(221,027)	(171,381)	(392,402)	(335,607)
Interest on debenture	15,000	15,000	30,000	30,000
Accretion on liability portion of debenture	4,762	4,762	9,297	9,297
Loss before other income, expense and taxes	(240,789)	(191,143)	(431,699)	(374,904)
Interest income	150	1,913	875	2,710
Interest expense	679	-	1,429	-
Loss before taxes	(241,317)	(189,230)	(432,253)	(372,194)
Withholding taxes	7,816	6,813	11,272	11,158
Loss for the period and comprehensive loss	\$ (249,133)	\$ (196,043)	\$ (443,525)	\$ (383,352)

The loss and comprehensive loss for the second quarter 2020 was \$249,133 (2019 - \$196,043) and year to date was \$443,525 (2019 - \$383,352). The losses are the result of the Company's ongoing investment in the development of products based on the IronCAP technology and now preparing for the sales and marketing of the recently released IronCAP X as well as continuing in efforts to build partnerships with companies for the integration of the IronCAP API with third party applications.

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6. Use of non-IFRS terms:

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Total operating expenses	\$ 294,324	\$ 246,066	\$ 507,069	\$ 460,327
Less - Stock based compensation	(41,750)	(44,550)	(73,150)	(83,496)
Depreciation and amortization	(1,459)	(1,294)	(2,952)	(2,696)
Cash operating expenses	<u>\$ 251,114</u>	<u>\$ 200,222</u>	<u>\$ 430,967</u>	<u>\$ 374,135</u>

Cash operating expenses for three months ended April 30, 2020 were \$251,114 (2019 - \$200,222) an increase of \$50,892. The increase in expenses is reflective of the Company's ongoing investment in the development of products based on the IronCAP technology and now preparing for the sales and marketing of the recently released IronCAP X as well as continuing in efforts to build partnerships with companies for the integration of the IronCAP API with third party applications.

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

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	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Profit (loss) for the period and comprehensive profit (loss)	\$ (249,133)	\$ (196,043)	\$ (443,525)	\$ (383,352)
Less: non cash operating expenses	43,209	45,844	76,102	86,192
Adjusted Loss for the period	<u>\$ (205,924)</u>	<u>\$ (150,199)</u>	<u>\$ (367,423)</u>	<u>\$ (297,160)</u>

The loss and comprehensive loss for the three months ended April 30, 2020 was \$249,133 (2019 – \$196,043) includes as part of operating expenses non-cash expenses of \$43,209 (2019 - \$45,844). Excluding these non-cash operating expenses, which are included in operating expenses, the adjusted loss for 2020 becomes \$205,924 (2019 – \$150,199) an increase of \$55,725 primarily a result of the increase in cash operating expenses. Revenue was fairly flat quarter over quarter. For the second quarter 2020 revenue was \$72,297 (2019 - \$74,885).

7. Results of operations:

Revenue

Revenue attributable to geographical location based on the customer is as follows:

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
United States	\$ 2,933	\$ 4,394	\$ 7,440	\$ 8,608
Canada	3,205	2,157	5,503	4,530
Japan	67,159	68,134	101,724	111,582
	<u>\$ 73,297</u>	<u>\$ 74,685</u>	<u>\$ 114,667</u>	<u>\$ 124,720</u>

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The significant categories of revenue recognized during the periods are as follows:

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Licensing fees	\$ 67,159	\$ 68,134	\$ 101,724	\$ 111,582
Subscription and maintenance	6,138	6,551	12,943	13,138
	<u>\$ 73,297</u>	<u>\$ 74,685</u>	<u>\$ 114,667</u>	<u>\$ 124,720</u>

Revenue for the three months ended April 30, 2020 was \$73,297 (2019 - \$74,685) which is fairly consistent. Revenue from Japan includes the ongoing subscription and maintenance fees from Hitachi Solutions Create. Revenue from Canada and the United States includes subscription fees received from our I'm InTouch service.

Gross profit

The Company's products and services sold are software based, which typically have a high gross margin. The gross margin for the three and six months ended April 30, 2020 and 2019 was 100%.

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Selling, general and administration	\$ 162,918	\$ 151,137	\$ 304,570	\$ 281,149
less: stock-based compensation	(41,750)	(44,550)	(73,150)	(83,496)
	<u>\$ 121,168</u>	<u>\$ 106,587</u>	<u>\$ 231,420</u>	<u>\$ 197,653</u>

SG&A expenses, net of stock based compensation, for the three months ended April 30, 2020 were \$121,168 (2019 - \$106,587) an increase of \$14,582. There was an increase in expenses pertaining to general corporate and administrative expenses required to be spent as we continue to invest in development of our IronCAP technology.

During the three month periods ended April 30, 2020, the Company recorded compensation expense related to stock options granted in the current and previous periods of \$41,750 (2019 - \$44,550).

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Research and development

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Research and development	\$ 131,404	\$ 94,930	\$ 202,499	\$ 179,178

Research and development expenses were \$131,404 (2019 - \$94,930) an increase of \$36,475. The Company continues to invest in the development of our IronCAP technology.

8. Operating expenses:

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

for the three months ending 30-Apr-20	SG&A	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 70,254	\$ 111,965	\$ 182,219
Stock-based compensation	41,750	-	41,750
Other operating expenses	50,914	19,440	70,354
	<u>\$ 162,918</u>	<u>\$ 131,404</u>	<u>\$ 294,323</u>

for the three months ended 30-Apr-19	SG&A	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 45,690	\$ 65,975	\$ 111,665
Stock-based compensation	44,550	-	44,550
Other operating expenses	60,897	28,955	89,851
	<u>\$ 151,137</u>	<u>\$ 94,930</u>	<u>\$ 246,066</u>

for the six months ending 30-Apr-20	SG&A	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 101,921	\$ 168,353	\$ 270,274
Stock-based compensation	73,150	-	73,150
Other operating expenses	129,499	34,146	163,645
	<u>\$ 304,570</u>	<u>\$ 202,499</u>	<u>\$ 507,069</u>

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for the six months ended 30-Apr-19	SG&A	Research and development	Total
Salaries, contractors, commissions and benefits	\$ 91,283	\$ 120,255	\$ 211,538
Stock-based compensation	83,496	-	83,496
Other operating expenses	106,370	58,923	165,293
	<u>\$ 281,149</u>	<u>\$ 179,178</u>	<u>\$ 460,327</u>

Operating expenses for the three months ended April 30, 2020 were \$294,323 (2019 - \$246,066) an increase of \$48,257. Salaries, contractors, commissions and benefits were \$182,219 (2019 - \$111,665) an increase of \$70,554 which was the result of an increase in personnel related costs in SG&A as well as research and development. This is reflective of the Company's ongoing investment in the development of products based on its IronCAP technology and preparing for the sales and marketing of the recently released IronCAP X as well as continuing in efforts to build partnerships with companies for the integration of the IronCAP API with third party applications.

Other operating expenses required to run the business for the three months ended April 30, 2020 were \$70,354 (2019 - \$89,851) a decrease of \$19,497 primarily a result of costs incurred in 2019 associated with our patent applications and trademark applications. In 2019 the Company also incurred costs associated with moving its head office from Mississauga to Toronto as well as an increase in monthly rental costs.

9. Liquidity and capital resources:

	30-Apr-20	31-Jan-20	31-Oct-19
Cash and cash equivalents	\$ 115,454	\$ 364,751	\$ 283,712
Guaranteed investment certificate	110,000	50,000	300,000
Combined amounts	<u>\$ 225,454</u>	<u>\$ 414,751</u>	<u>\$ 583,712</u>

Cash, cash equivalents and guaranteed investment certificates were \$225,454 as at April 30, 2020 and \$414,751 as at January 31, 2020 a reduction of \$189,297. The decrease is primarily a result of funding the adjusted loss for the period of \$205,924 which is a use of funds.

As at October 31, 2019 the combined amounts were \$583,712 a decrease of \$358,258, which is primarily a result of the Company funding its adjusted loss for the six month period ended April 30, 2020 of \$367,423 which is a use of funds.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. To the extent that the Company does not believe it has

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sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

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

At April 30, 2020, the Company had other financial assets consisting of cash and cash equivalents, guaranteed investment certificate and accounts receivable of \$301,461 (October 31, 2019 - \$679,767) and other financial liabilities of \$551,231 (October 31, 2019 - \$531,665), consisting of accounts payable and accrued liabilities, lease liabilities and debentures. The Company has a \$400,000 Debenture which is due April 24, 2021. The Company has split the Debenture and Warrant components of the Debenture into the debt and equity components and recorded the debt component as a liability and the equity component as equity. The Debenture's amortized cost as at April 30, 2020 is \$383,062 (October 31, 2019 - \$390,703).

The Company manages its liquidity risk by continuously monitoring forecast and actual cash flows.

The Company's long-term viability is dependent on its ability to generate future profitable operations and cash flows and/or obtain additional financing, which would be contingent upon market and other conditions in the future, which are beyond the Company's control (*see Section 4 –Going Concern*).

10. Debenture:

On April 24, 2015 the Company issued \$400,000 principal amount of secured Debentures that had an original term of 36 months. The Company previously amended such Debentures to extend their term to April 24, 2020. In connection with the issuance of such Debentures the Company also had issued a total of 800,000 common share purchase warrants each of which, after certain amendments, entitled the holder to acquire one common share at a price of \$0.10 up until April 24, 2020, subject to an accelerated expiry provision which was triggered during the 2019 fiscal year.

On January 24, 2020, the Company agreed with the holders of such Debentures to redeem all of the Debentures currently outstanding without any prepayment penalty and issue new secured Debentures under the same terms and conditions of the previously amended Debentures, other than the maturity date extension to April 24, 2021.

In connection with the issuance of the new Debentures the Company has cancelled the original 800,000 common share purchase warrants issued and issued an aggregate of 800,000 new common share purchase warrants. Each such warrant is exercisable at any time prior to April 24,

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2021 into one common share in the capital of the Company at an exercise price of \$0.13 per share.

In accordance with the provisions of IFRS, as they apply to the Debentures, the Company split the Debenture and Warrant components of the January 24, 2020 Debentures into their debt and equity components and record the debt component as a liability and the equity component as equity. In determining the valuation of the liability and the equity components, the Company calculates the value of the liability component first, using a discount rate appropriate for what a similar debt instrument, absent any warrants, would have commanded at that time. The residual of the proceeds over the inherent value of the liability component is attributed to the equity portion of the Debenture. Accretion charges on the liability component aggregating \$9,297 are calculated using the discount rate of 20% and have been recorded in the statement of operations and comprehensive loss.

11. Market risk:

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

Currency risk:

Net monetary liabilities due in U.S. dollars include accounts payable of \$8,109 (October 31, 2019 – \$13,882), cash of \$69,583 (October 31, 2019 - \$117,362) and accounts receivable of \$36,951 (October 31, 2019 - \$56,327).

The Company reports its results in Canadian dollars. The Company markets its products in Canada, the United States ("U.S.") and other jurisdictions, including Japan. Sales to Japanese customers are primarily denominated in U.S. dollars. Substantially all of the Company's sales are in U.S. dollars. As a result, the Company is subject to currency risk from sales made in U.S. dollars. The Company does not hedge the risk related to fluctuations in the exchange rate between the U.S. and the Canadian dollar from the date of the sales transaction to the collection date due. As at April 30, 2020, the Company had net monetary assets due in U.S. dollars of \$11,000 (October 31, 2019 - \$160,000). An increase or decrease in the U.S. to Canadian dollar exchange rate by 10% as at April 30, 2020 would have resulted in a gain in the amount of \$1,100 (October 31, 2019 - \$21,000) or a loss of \$1,100 (October 31, 2019 - \$21,000), respectively.

The Company has performed a sensitivity analysis for foreign exchange exposure over the six month period ended April 30, 2020. The analysis used a modeling technique that compares the U.S. dollar equivalent of all revenue and expenses incurred in U.S. dollars, at the actual exchange rate, to a hypothetical 10% movement in the foreign currency exchanges rates against the Canadian dollar, with all other variables held constant. Foreign currency exchanges rates used were based on the market rates in effect during the six month period ended April 30, 2020.

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The sensitivity analysis indicated that a hypothetical 10% movement in the foreign currency exchange rate from the Canadian dollar to the U.S. dollar would result in a change to the net loss for the six month period ended April 30, 2020 of \$5,300 (2019 – \$7,500). There can be no assurances that the above projected exchange rate change will materialize. Interest rate risk: The Company is exposed to interest rate risk on its fixed rate financial instruments. Fixed rate instruments subject the Company to fair value interest rate risk, as the fair value of the financial instrument fluctuates due to changes in market interest rates. Financial instruments subject to interest rate risk include demand deposits and the liability component of the debenture.

Interest rate risk:

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

12. Contractual obligations and contingencies:

The contractual obligations the Company has pertains to lease agreements for its premises, considered a right-of-use asset. The total contractual amount due is \$23,686 for the remainder of fiscal 2020.

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

13. Related party transactions:

The remuneration of directors and other key management personnel of the Company during the three and six month periods ended April 30, 2020 and 2019 were as follows:

	<i>For the 3 months ending</i>		<i>For the 6 months ending</i>	
	<i>30-Apr-20</i>	<i>30-Apr-19</i>	<i>30-Apr-20</i>	<i>30-Apr-19</i>
Salaries and contractor fees	\$ 55,000	\$ 50,000	\$ 111,250	\$ 105,000
Stock based compensation	41,750	44,550	73,150	74,557
	<u>\$ 96,750</u>	<u>\$ 94,550</u>	<u>\$ 184,400</u>	<u>\$ 179,557</u>

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 the three and six month periods ended April 30, 2020 were \$16,500 (2019 - \$11,500) and \$31,750 (2019 - \$25,500) respectively, and have been included in research and development expenses and are disclosed in the salaries amounts in the above table. This transaction is in the

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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. The President and CEO's salary for the three and six months ended April 30, 2020 was \$21,000 (2019 – 21,000) and \$42,000 (2019 - \$42,000) respectively.

14. Critical accounting estimates:

The 2019 annual consolidated financial statements outline the Company's significant accounting policies and estimates. See note 1 and 2 of the audited consolidated financial statements for the year ended October 31, 2019 for a discussion regarding the Company's accounting policies and the application of accounting estimates and judgments.

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

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

- (i) The fair value for stock based compensation transactions where key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk free interest rate are used. The Company accounts for its stock option plan using the fair value method. The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and expensed over the vesting period. No compensation expense is recognized for stock options that employees forfeit if they fail to satisfy the service requirement for vesting. During the six month periods ended April 30, 2020, the Company recorded compensation expense related to stock options granted in the current and previous periods of \$73,150 (2019 - \$83,496).
- (ii) In accordance with the provisions of IFRS, as they apply to the Debenture, the Company has split the Debenture and Warrant components of the Debenture and the amended Debenture into their debt and equity components and recorded the debt component as a liability and the equity component as equity. In determining the valuation of the liability and the equity components, the Company calculated the value of the liability component first, using a discount rate appropriate for what a similar debt instrument, absent any warrants, would have commanded at that time. The residual of the proceeds over the inherent value of the liability component was attributed to the equity portion of the Debenture. Accretion charges

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on the liability component aggregating \$9,297 (2019 – \$9,297) are calculated using the discount rate of 20% for the Debenture and have been recorded in the statements of operations and comprehensive loss.

- (iii) Effective November 1, 2019, the Company adopted IFRS 16, Leases, issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single accounting model, requiring the recognition of assets and liabilities for all major leases previously classified as operating leases. IFRS 16 supersedes the lease accounting guidance in IAS 17, Leases as well as some lease related interpretations.

The Company's accounting policy under IFRS 16 is as follows:

- (i) Definition of a lease:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applied the definition of a lease under IFRS 16 to existing contracts as of January 1, 2019.

- (ii) As a lessee: The Company has leased premises at 789 Don Mills Road in Toronto, ON which is considered a right-of-use asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, based on the initial amount of the lease liability. The asset is depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term can include periods covered by an option to extend if the Company is reasonably certain to exercise that option providing the lease has such a provision. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability, if required.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for (1) short-term leases, that have a lease term of 12 months or less, as well as for (2) leases of low value assets. The lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term.

Impact of transition to IFRS 16:

The Company has opted to apply the standard retrospectively without restatement of prior periods for the year ended October 31, 2020.

The Company's leased premise, considered a right-of-use asset, commenced April 1, 2019 for a period of 24 months without a renewal provision. The lease liability has been measured by discounting future lease payments at the incremental borrowing rate at November 1, 2019. The weighted average incremental borrowing rate applied was determined to be 5.0% per annum for the lease and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

The following table summarizes the impact of adopting IFRS 16 at November 1, 2019:

	1-Nov-19 prior to adoption of IFRS 16	1-Nov-19 after adoption of IFRS 16
Assets		
Non-current assets		
Right-of-use assets	-	63,583
Liabilities		
Current liabilities		
Lease liabilities	-	44,413
Non-current liabilities		
Lease liabilities	-	19,170

The application of IFRS 16 to leases, previously classified as operating leases resulted on the recognition of right-of-use assets of \$63,583 and finance lease liabilities of current and non-current liabilities of \$63,583. There was no impact on opening retained earnings on implementation of IFRS 16.

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15. Risk factors:

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

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

(a) Lack of Revenue and Profitability

The Company has sustained substantial losses and negative cash flows from operations in recent years and its ability to continue as a going concern is dependent on the Company's ability to generate future profitable operations and cash flows and/or obtain additional financing.

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

The outcome of these matters, which cannot be predicted at this time, represents a material uncertainty which may cast significant doubt with regard to the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. See *Section 4 - Going Concern*.

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(b) Listing of the Company's Common Shares

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

(c) New Products and Technological Change

The post-quantum cybersecurity and communications software industries 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.

(d) Market Acceptance of Products

The Company designs and develops software-based products for the post-quantum cybersecurity and remote access markets. 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.

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(e) Competition

Competition in the post-quantum cybersecurity and remote access 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 favorable terms than the Company, and they may be able to respond more quickly to changes in customer preferences or to devote greater resources to the development, promotion and sale of their products than can the Company. Increased competition could result in significant price competition, reduced profit margins, fewer customer orders or loss of market share. The Company may not be able to compete successfully with existing or future competitors and cannot ensure that competitive pressures will not materially and adversely affect its business, operating results or financial condition.

(f) No Assurance of Successful Marketing

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

(g) Proprietary Technology

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

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(h) Currency Risk

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

(i) Product Liability and Insurance

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

(j) Dependence on Key Personnel

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

(k) Public Market and Volatility of Share Price

Factors such as announcements of technological innovation or the introduction of new products by the Company or its competitors, actual or anticipated fluctuations in the

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

(l) Distribution Agreements

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

(m) The Trend towards Industry Consolidation

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

(n) Potential Fluctuations in Quarterly Financial Results

The Company's quarterly financial results could be impacted significantly by the timing of substantial orders and shipments as well as new releases of its products and intellectual property agreements. The Company's operating expenses are based on anticipated revenue levels in the short term, are relatively fixed and are incurred throughout the quarter. Additionally, the Company's products may be subject to long sales cycles. As a result, if expected revenues are not realized as anticipated, the Company's quarterly financial results could be materially adversely affected. Quarterly financial results in the future may be influenced by these or other factors, including possible delays in the shipment of new products and entering into or failing to enter into or renew a material contract or order.

Accordingly, there may be significant variations in the Company's quarterly financial results and such results may not meet the expectations of analysts or investors. If this occurs, the price of the Common Shares may decline. See also "Distribution Agreements", "Volatility of Share Price".

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(o) Control of Shares by Principal Shareholder

Andrew Cheung, the President and Chief Executive Officer of the Company and the principal shareholder of the Company, maintains effective control of the Company through control and/or ownership of, in the aggregate, approximately 12.5% 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.

16. Disclosure controls and internal controls over financial reporting:

In the course of evaluating its internal controls over financial reporting as at April 30, 2020, management has identified the following material weakness:

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

As at April 30, 2020 the Company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures and internal control over financial reporting. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures and internal control over financial reporting are ineffective as a result of the material weakness in internal control over financial reporting described above.

There have been no significant changes to the Company's internal control environment during the six month period ended April 30, 2020 that would have materially affected the Company's internal controls over financial reporting.

17. Disclosure of outstanding share data:

The Company's share capital consists of the following:

Authorized:

50,000 Series A preference shares, Unlimited preference shares, issuable in series

Unlimited common shares

Issued: 80,235,472 common shares

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6,835,000 stock options outstanding convertible into common shares at exercise prices ranging from \$0.05 to \$0.10. The options expire between September 12, 2020 and March 17, 2024.

7,805,748 share purchase warrants details as follows:

1. 5,000,000 share purchase warrants. Each whole warrant entitles the holder to acquire one common share for \$0.15 at any time prior to September 18, 2020.
2. 1,820,832 share purchase warrants. Each whole warrant entitles the holder to acquire one common share for \$0.15 at any time prior to July 29, 2021
3. 800,000 Debenture Warrants outstanding convertible into common shares at an exercise price of \$0.13. The Debenture Warrants expire on April 24, 2021.
4. 184,916 compensation warrants. Each whole warrant entitles the holder to purchase one common share for each one compensation warrant at a price of \$0.15 at any time prior to July 29, 2021.

800,000 compensation options details as follows:

1. 800,000 agent compensation options which entitle the agent to purchase one unit for each one compensation option at a price of \$0.10 per unit at any time prior to September 18, 2020. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the agent to acquire one common share at a price of \$0.15 at any time prior to September 18, 2020.

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18. Quarterly results of operations:

The following tables sets forth certain information from the unaudited consolidated statements of operation for the eight most recent quarters of operations ended April 30, 2020 as prepared in accordance with IFRS.

<i>for the 3 months ending</i>	30-Apr-20	31-Jan-20	31-Oct-19	31-Jul-19
Revenue	\$ 73,297	\$ 41,370	\$ 80,832	\$ 77,555
Expenses (income):				
Selling, general and administrative	162,918	141,652	158,532	122,520
Research and development	131,404	71,094	104,968	99,862
	<u>294,323</u>	<u>212,746</u>	<u>263,499</u>	<u>222,381</u>
Loss before accretion on liability component of debenture, interest, other income, and taxes	\$ (221,026)	\$ (171,375)	\$ (182,667)	\$ (144,826)
Interest on debenture	15,000	15,000	15,000	15,000
Accretion on liability portion of debenture	4,762	4,535	4,320	4,114
Loss before other income and taxes	<u>(240,789)</u>	<u>(190,910)</u>	<u>(201,987)</u>	<u>(163,940)</u>
Interest income	150	725	-	-
Interest expense	679	750	(5,006)	(2,184)
Unusual item, reversal of accrued liability	-	-	441,809	-
Profit (loss) before taxes	<u>(241,317)</u>	<u>(190,936)</u>	<u>244,828</u>	<u>(161,756)</u>
Withholding taxes	7,816	3,456	6,334	7,143
Comprehensive profit (loss)	\$ (249,133)	\$ (194,392)	\$ 238,494	\$ (168,899)

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<i>for the 3 months ending</i>	30-Apr-19	31-Jan-19	31-Oct-18	31-Jul-18
Revenue	\$ 74,685	\$ 50,035	\$ 48,875	\$ 45,439
Expenses (income):				
Selling, general and administrative	151,137	130,013	138,466	77,893
Research and development	94,930	84,249	122,379	23,580
	246,066	214,261	260,845	101,473
Loss before accretion on liability component of debenture, interest, other income, and taxes	\$ (171,381)	\$ (164,226)	\$ (211,970)	\$ (56,034)
Interest on debenture	15,000	15,000	15,000	15,000
Accretion on liability portion of debenture	4,762	4,535	4,319	4,114
Profit (loss) before other income and taxes	(191,143)	(183,761)	(231,289)	(75,148)
Foreign exchange gain	-	-	(5,069)	-
Interest income	(1,913)	(797)	(1,169)	(23)
Profit (loss) before taxes	(189,230)	(182,964)	(225,051)	(75,125)
Withholding taxes	6,813	4,345	4,044	3,823
Comprehensive profit (loss)	\$ (196,043)	\$ (187,309)	\$ (229,095)	\$ (78,948)

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CORPORATE INFORMATION

DIRECTORS

Andrew Cheung
President & CEO

William A. Train
Chairman
Private investor

Joanna Ng
AI Technologist & Startup
Entrepreneur

Gary Kissack
Lawyer, Fogler, Rubinoff LLP

Jane Yang
DLT Strategy Advisor

OFFICERS

Andrew Cheung
President & CEO

Brian Stringer
Chief Financial Officer

Gigi Loo
Controller & Corporate Secretary

INVESTOR RELATIONS

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Trading Symbol "ONE"