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## **Acceleware Ltd. Reports Third Quarter 2019 Financial and Operating Results**

CALGARY, ALBERTA – November 27, 2019 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), an innovator and leading developer of clean-tech oil and gas technologies, today announced its financial and operating results for the three and nine months ended September 30, 2019 (all figures are in Canadian dollars unless otherwise noted). Acceleware’s third quarter results reflect contributions from the Company’s two business units, comprised of the radio frequency (“RF”) heating technology which supports cost-effective and environmentally friendly extraction of heavy oil and bitumen, along with its high-performance computing (“HPC”) seismic imaging applications. This news release should be read in conjunction with the Company’s unaudited interim condensed financial statements, the accompanying notes for the three and nine months ended September 30, 2019, and management’s discussion and analysis (“MD&A”) thereto, together with the audited financial statements for the year ended December 31, 2018, notes and MD&A thereto, all of which are available on Acceleware’s website at [www.acceleware.com](http://www.acceleware.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Q3 2019 FINANCIAL AND OPERATING SUMMARY HIGHLIGHTS**

Throughout Q3 2019, Acceleware continued to advance the development of its patented and patent-pending RF XL heating technology, while taking steps to enhance the Company’s position ahead of its planned commercialization of this transformative technology. Acceleware achieved RF XL-related research and development objectives including progress on new patent applications, completion of the design work on critical subsurface components, and initiation of the detailed design of surface facilities for the commercial-scale test. On the corporate front, the Company executed a full redesign of the Company’s website and marketing collateral to highlight the benefits and features of RF XL for target audiences such as potential customers and investors and strengthened its management team with the appointment of a new Chief Financial Officer.

Subsequent to the end of the quarter, the Company reported record results from the largest and most effective field test to date of its prototype RF converter that was developed in partnership with GE Research (“GE”).

- During Q3 2019, Acceleware recognized revenue of \$197,001 attributable largely to the Company’s HPC business segment, which was 25% lower than the \$263,978 recognized during Q3 2018. The Company discontinued its HPC software reseller model in Q1 2019 and started selling seismic software directly to oil and gas customers while leveraging innovative new licensing models. This direct-sale approach is expected to result in fewer individual software

license sales but higher revenue per sale, which may cause greater volatility in revenue from quarter-to-quarter.

- Operating loss in Q3 2019 improved 42% to \$603,100 compared to \$1,042,828 in Q3 2018 primarily due to higher government R&D funding assistance for RF heating development. This also contributed to a 48% improvement in total comprehensive loss, which was \$551,412 in Q3 2019 and \$1,051,292 for the same period in 2018.
- As at September 30, 2019, Acceleware had working capital of \$1,526,072 (December 31, 2018 - \$2,051,577), including \$4,228,942 (December 31, 2018 - \$3,225,126) in cash and cash equivalents, and \$190,403 (December 31, 2018 - \$189,012) in combined short-term and long-term debt in the form of leases. The increase in short-term and long-term lease obligations reflects the adoption of IFRS 16 on January 1, 2019, while higher cash balances resulted from the increased collection of trade receivables and the receipt of government-assistance milestone funding for the RF XL field test.

#### **YTD 2019 FINANCIAL AND OPERATING SUMMARY HIGHLIGHTS**

- For the nine months ended September 30, 2019, revenue totaled \$1,299,209, a 66% increase over the same period in 2018 due to higher HPC seismic software sales using the innovative new licensing model.
- Operating loss year-to-date 2019 improved by 63%, decreasing to \$921,437 from \$2,522,350 recorded in the same period in 2018. Higher HPC software revenue and government funding assistance for R&D contributed to the reduced loss, which also led to comprehensive loss that was 63% lower at \$937,059 in the first nine months of 2019 compared to \$2,536,580 in 2018.
- On a segmented basis, RF heating operating loss decreased 29% to \$1,599,052 for the nine months ended September 30, 2019, from \$2,236,754 in the comparable period in 2018, primarily due to lower R&D expense as a result of government funding. HPC operating income for the nine months ended September 30, 2019 was \$677,614 compared to an operating loss of \$285,596 in 2018 due to higher seismic software revenue and lower R&D expense.

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## **RF XL HEATING BUSINESS SEGMENT**

RF XL is Acceleware's patented and patent-pending RF heating technology, designed to improve the extraction of heavy oil and bitumen using low-cost, low-carbon production technologies, and has the potential to save billions of dollars in oil sands production costs. When applied, the technology is designed to reduce both capital and operating costs, while offering significant environmental benefits, including immediate greenhouse gas ("GHG") emission reductions, a substantial decrease in land use, the elimination of external water or solvent needs and no requirement for tailings ponds. Acceleware also believes that RF XL technology, as an electrically-driven process, can provide a clear pathway to zero-GHG production of heavy oil and the oil sands and provide optimal alignment with government goals to recognize innovation as part of the solution in Canada's overall emission reduction plans.

Acceleware's RF heating segment represents a key driver of the Company's future growth, and continued investment in R&D within this segment was ongoing through Q3 2019.

- Acceleware's application and all supplemental requested information for its planned commercial-scale test pilot of RF XL at the Rigel oil sands property in northeast Alberta was submitted to the Alberta Energy Regulator ("AER") earlier in 2019, yet timing for receipt of regulatory approval remains uncertain. In the interests of accelerating the timeline for the test, during Q3 2019 Acceleware advanced discussions with several interested producers regarding potential test sites and partnerships.
- As of the end of September 2019, Acceleware had received a combined \$4,681,986 under the contribution agreements with Sustainable Development Technology Canada ("SDTC") and Emissions Reduction Alberta ("ERA") and \$300,000 under a project financing agreement with a major oil sands producer. All of the financing agreements in place are milestone-based, and aid in accelerating progress for the commercial-scale pilot project.
- In addition, the R&D team conducted additional bench-top testing of RF XL components with various oil sands core samples, completed various mechanical and electrical de-risking activities, completed laboratory tests on a next generation RF electronics architecture, and new subsurface RF antenna concepts.
- Total costs to complete the RF XL pilot are estimated to range between \$16 million and \$20 million with over \$16 million raised to date for the commercial-scale test. GMP Securities L.P. ("GMP FirstEnergy") was appointed the exclusive financial advisor to assist Acceleware in the full funding of the RF XL pilot program. GMP FirstEnergy provided advice on the completion of the project funding agreement.
- During Q3 2019, revenue of \$15,925 was recognized from RF heating, an increase from \$nil in Q3 2018 due to the sale of AxHEAT RF heating simulation software.
- A loss from operations attributed to the RF heating segment was 46% lower in Q3 2019 at \$550,511 compared to \$1,013,330 in Q3 2018, due to lower R&D expenses resulting from an increase in government funding.

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## **HIGH-PERFORMANCE COMPUTING BUSINESS SEGMENT**

Acceleware's HPC business segment helps customers meet their oil and gas exploration needs with seismic imaging software that provides the most accurate and advanced imaging available for oil exploration in complex geological zones and formations. This segment also includes electro-magnetic ("EM") simulation software. Commencing in Q1 2019, Acceleware implemented a direct-sales model to access the oil and gas geoscience software market with innovative licensing structures and discontinued reseller arrangements with seismic independent software vendors ("ISV"). With fewer individual sales anticipated, but higher revenue per sale, this change is expected to result in greater volatility in revenue quarter-over-quarter.

- HPC revenue decreased 31% to \$181,076 in Q3 2019 compared to \$263,978 in Q3 2018 due to lower maintenance revenue from fewer seismic imaging maintenance renewals, and decreased services revenue from the strategic decision to discontinue most HPC service offerings in 2018.
- Operating loss in the HPC segment totaled \$52,589 in Q3 2019, compared to an operating loss of \$29,498 in Q3 2018, stemming from lower revenue and higher G&A expenditures on salaries and marketing costs.

## **OUTLOOK**

Initiating the commercial-scale RF XL pilot will remain a priority throughout the balance of 2019 and into 2020, including the identification of alternative test sites and partners that could support an expedited timeline given ongoing uncertainty surrounding timing for approval of the initial AER application. Concurrently, Acceleware will continue to focus on increasing high margin oil and gas-related revenue streams, including seismic imaging and EM software, as well as RF heating consulting services. As part of its ongoing growth plans and strategy, Acceleware has been investing in various enhancements across the organization, including augmenting its management team, increasing online and marketing efforts to broaden the audience of potential customers and investors, while continuing to leverage the support of industry associations. During Q3 2019, the Company launched its new corporate website and implemented targeted outreach programs designed to further build Acceleware's potential customer base, attract new investors and optimally engage with other stakeholders. In the interests of preserving its financial flexibility, Acceleware will seek to control operating expenses and limit capital expenditures with new R&D investments to be financed through a combination of internal cash flow generated through the software business, existing funding, and external financing as may be required.

**ABOUT ACCELEWARE:**

Acceleware ([www.acceleware.com](http://www.acceleware.com)) is an innovator of clean-tech oil and gas technologies comprised of two business units: Radio Frequency (RF) Enhanced Oil Recovery and Seismic Imaging Software.

Acceleware is developing RF XL and Modular RF, its patented and patent-pending low-cost, low-carbon production technologies for heavy oil and oil sands that are materially different from any heavy oil recovery technique used today. They will use no water, require no solvent, have a small physical footprint, can be redeployed from site to site, and can be adapted to a multitude of reservoir types, while expected to greatly reduce and eventually eliminate production of greenhouse gas emissions (GHG). In shallow oil sands implementations, no tailings ponds will be required.

Our seismic imaging software solutions are state of the art for high fidelity imaging, providing the most accurate and advanced imaging available for oil exploration in complex geologies. Acceleware is a public company on Canada's TSX Venture Exchange under the trading symbol "AXE".

**NOTE REGARDING FORWARD-LOOKING INFORMATION AND OTHER ADVISORIES**

*This news release contains "forward-looking information" within the meaning of Canadian securities legislation. Forward-looking information generally means information about an issuer's business, capital, or operations that are prospective in nature, and includes disclosure about the issuer's prospective financial performance or financial position.*

*The forward-looking information in this press release can be identified by terms such as "believes", "estimates", "plans", "potential", and "will", and includes information about Acceleware's plans to focus on revenue streams that offer the highest margins, the anticipated costs of the commercial-scale test of RF XL, Acceleware's strategy to finance the RF XL technology, and the anticipated benefits of the RF XL technology. Acceleware assumes that the current timeline for the RF XL pilot is achievable, that research and development effort including the commercial-scale test plans will result in commercial-ready products, and that future capital raising efforts will be successful.*

*Actual results may vary from the forward-looking information in this press release due to certain material risk factors. These risk factors are described in detail in Acceleware's continuous disclosure documents, which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).*

*Acceleware assumes no obligation to update or revise the forward-looking information in this press release, unless it is required to do so under Canadian securities legislation.*

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this release in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws*



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