

Acceleware Ltd. Reports Fourth Quarter and Year End 2018 Financial and Operating Results

CALGARY, Alberta – April 30, 2019 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading developer of radio frequency (RF) heating technology to facilitate cost-effective and environmentally-friendly extraction of heavy oil and bitumen, as well as high-performance seismic imaging applications, today announced its financial and operating results for the three months and year ended December 31, 2018 (all figures are in Canadian dollars unless otherwise noted). This news release should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2018 and Management’s Discussion and Analysis (“MD&A”) thereto, both of which are available on Acceleware’s website at www.acceleware.com or on SEDAR at www.sedar.com.

Q4 2018 FINANCIAL SUMMARY AND OPERATING HIGHLIGHTS

During the fourth quarter of 2018, revenue increased dramatically compared to the previous year. This increase is primarily due to the provision of services under an agreement with a Canadian affiliate of Advanced Micro Devices, Inc. (“AMD”). Under the terms of the agreement, Acceleware received US\$2.51 million in exchange for custom software development, human resources and consulting services. During the fourth quarter, the Company’s custom software team transitioned to become employees of AMD, and Acceleware fulfilled substantially all of the consulting services that were contemplated under the agreement. On a segmented basis, revenue in 2018 from the Company’s high-performance computing segment rose 290% to \$4,274,877 from \$1,095,414 recorded in 2017, largely attributable to the AMD agreement. The Company’s RF heating segment revenue fell 81% in 2018, to \$42,484 from \$224,653 in 2017, with the decline reflecting \$250,000 of deferred and unrecognized revenue in 2018, related to payments associated with Acceleware’s RF XL commercial-scale test project funding agreement with a major Calgary-based oil sands producer (the “Producer”).

Acceleware’s RF heating segment represents a key driver of future growth, and the Company successfully ramped up investment in research and development (“R&D”) within this segment through 2018. R&D activities included engineering, design, prototyping and testing work related to the Company’s planned commercial-scale test of its proprietary RF XL technology and the preparation of additional patent applications.

During Q4 2018, the Company received its first milestone payments under the recently completed contribution agreements with Sustainable Development Technology Canada (“SDTC”) and Emissions Reduction Alberta (“ERA”). The agreements will provide a total of \$10 million in non-repayable grants, and as at December 31, 2018, the Company had received \$1,157,843 from SDTC, and \$438,813 from ERA.

This capital infusion enabled Acceleware to accelerate progress of the commercial-scale pilot project to be completed with Prosper Petroleum Ltd. at its Rigel property in northeast Alberta.

- Revenue generated in Q4 2018 totaled \$3,533,026, 1200% higher than the \$271,690 recognized during Q4 2017. The year-over-year increase is largely driven by revenue from the AMD agreement. Compared to \$263,978 recorded in Q3 2018, revenue decreased 1238% in Q4 2018 as a result of services revenue that was recognized under the AMD agreement.
- Higher revenue and the funding from SDTC and ERA contributed to a significant improvement in operating income and offset strategic investments in RF heating R&D associated with the commercial-scale test of RF XL. Operating income was \$2,358,164 in Q4 2018 compared to an operating loss of \$794,475 in Q4 2017, and an operating loss of \$1,042,828 in Q3 2018. The R&D expenses incurred in Q4 2018 remain in line with management's expectations and have positioned the Company to aggressively advance its commercial-scale test which is expected to commence heating late 2019.
- Total comprehensive income was \$2,437,958 in Q4 2018 compared to a total comprehensive loss of \$745,937 in Q4 2017 and a loss of \$1,051,292 in Q3 2018.
- Working capital improved as a result of the AMD agreement and the SDTC and ERA funding. Working capital at December 31, 2018 was \$2,051,577 compared to working capital of \$403,501 at December 31, 2017. The increase in working capital reflects higher cash and cash equivalents of \$3,225,126 compared to \$781,315 at December 31, 2017. Acceleware's working capital and cash balance indicates that the Company is financially well-positioned to execute its commercial-scale test and continue to advance its strategy.

YEAR ENDED DECEMBER 31, 2018 FINANCIAL SUMMARY

Acceleware's strong Q4 2018 results translate into significant improvements in revenue and income for the year ended December 31, 2018 relative to the year ended December 31, 2017.

- During the year ended December 31, 2018, the Company reported total revenue of \$4,317,361, representing a 250% increase compared to \$1,320,067 for the year ended December 31, 2017. The increase is a direct result of work completed under the agreement with AMD. Revenue recorded in 2018 would have been \$1,040,513 absent the revenue associated with the AMD agreement.
- Operating loss improved dramatically in 2018 to \$164,186 compared to an operating loss of

\$2,624,421 in 2017. The improvement is a result of increased revenue and a modest increase in R&D expense net of government funding.

- Total comprehensive loss for the year ended December 31, 2018 was \$98,622, a significant increase over a total comprehensive loss of \$2,749,731 for the year ended December 31, 2017.

RF 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, 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. As an electrically-driven process, Acceleware also believes that RF XL technology can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment with government goals to recognize innovation as part of the solution in the Canada's overall emission reduction plans.

During the fourth quarter of 2018, the Company continued to invest in RF heating R&D. Activities included engineering, design, prototyping and testing work related to the Company's planned commercial-scale test of RF XL, and the preparation of additional patent applications. Acceleware is pleased with its progress to date in 2018, and as a result of the milestones realized, has successfully achieved the following:

- Completed phase one factory acceptance testing of one module of a proprietary prototype RF generator with partner GE;
- Substantially completed design concepts for the drilling and completion of the RF XL and production wells with the assistance of Codeco-Vanoco Engineering Inc., and completed front-end engineering design of surface facilities with partner Scovan Engineering;
- Started receiving milestone payments from both SDTC and ERA, which will provide a total of \$10 million in non-repayable grants, that can be applied to the cost of the commercial-scale pilot with Prosper Petroleum Ltd. at its Rigel property in northeast Alberta; and
- Received initial milestone payments from the Producer for the commercial-scale RF XL pilot test. The Producer will provide funding of up to \$2 million toward the RF XL pilot under the terms a project funding agreement with Acceleware.

Loss from operations attributed to the RF heating segment in Q4 2018 increased 29% to \$886,424 compared to \$690,330 in Q4 2017, due to the significant increase in G&A expenses including salaries and

legal fees. Operating loss for RF heating fell 8% in Q4 2018 compared to the loss of \$1,013,330 recorded in Q3 2018 attributable to the higher R&D government funding.

HIGH-PERFORMANCE COMPUTING BUSINESS SEGMENT

Acceleware's high-performance computing 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. During the fourth quarter of 2018, the Company discontinued software development services including porting, acceleration assessments and mentoring that do not directly support its seismic imaging and EM software products.

During the fourth quarter of 2018, the segment's revenue was dominated by proceeds from the AMD agreement.

- Recognized high-performance computing revenue of \$3,490,542, which was 1204% higher than the \$267,737 recognized during Q4 2017 due to revenue from the AMD agreement. Compared to the \$263,978 recognized in the previous quarter, high-performance computing revenue was 1222% higher.
- Operating income attributed to high-performance computing in Q4 2018 was \$3,244,588, compared to a loss of \$108,097 in Q4 2017 due to higher revenue and lower expenses, particularly R&D and cost of revenue expenses. High-performance computing operating income also increased substantially in Q4 2018 compared to the operating loss of \$29,498 recorded in Q3 2018.

OUTLOOK

In 2019, the Company will focus on pursuing revenue streams that offer the highest margins, which includes seismic imaging and EM software, as well as RF heating consulting services. As the Company continues to develop its RF heating technology, new R&D investments will be financed through a combination of internal cash flow generated through the software business, existing funds and external financing as may be required. Acceleware estimates the cost to complete its RF XL commercial-scale pilot will range between \$16 and \$20 million. With the \$10 million of non-repayable funding from SDTC and ERA, the Producer's \$2 million in funding, and the funds received from the AMD agreement, Acceleware has successfully raised a total of over \$15 million in non-dilutive capital financing. This non-dilutive

financing, combined with over \$1 million in equity capital raised in 2018, afford the Company a strong financial position to further advance the pilot.

ABOUT ACCELEWARE:

Acceleware (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 greenhouse gas emissions (GHGs). 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.

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 and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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