CALGARY, ALBERTA – August 28, 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 six month periods ended June 30, 2019 (all figures are in Canadian dollars unless otherwise noted). Acceleware’s second 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 six months ended June 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 or on SEDAR at www.sedar.com.

Q2 2019 FINANCIAL AND OPERATING SUMMARY HIGHLIGHTS

Throughout Q2 2019, Acceleware continued to make progress in the development of its patented and patent-pending RF XL heating technology. The Company advanced plans for the commercial-scale RF XL field test in northeast Alberta, made significant progress on an additional five patent applications, and further invested in research and development for the innovative RF XL technology.

- During Q2 2019, Acceleware recognized revenue of $213,475 attributable largely to the Company’s HPC business segment, which was 39% lower than the $350,098 recognized during Q2 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 lead to greater volatility in revenue from quarter-to-quarter.

- Operating loss in Q2 2019 improved 31% to $445,253 compared to $645,643 in Q2 2018 primarily due to higher government R&D funding assistance for RF heating development, which also contributed to a 30% improvement in total comprehensive loss, which was $453,145 and $645,911 over the same respective periods.

- As at June 30, 2019, Acceleware had working capital of $1,931,999 (December 31, 2018 - $2,051,577), including $4,751,765 (December 31, 2018 - $3,225,126) in cash and cash equivalents, and $235,162 (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.

H1 2019 FINANCIAL AND OPERATING SUMMARY HIGHLIGHTS

- For the six months ended June 30, 2019, revenue totaled $1,102,208, a 112% increase over the same period of 2018 due to higher HPC seismic software sales using the innovative new licensing models.

- Operating loss for first half of 2019 improved by 78%, decreasing to $318,337 from $1,479,522 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 a 74% lower comprehensive loss of $385,647 in the first six months of 2019 compared to $1,485,288 in 2018.

- On a segmented basis, RF heating operating loss decreased 14% to $1,048,541 for the six months ended June 30, 2019, from $1,223,424 in the comparable period in 2018, primarily due to lower R&D expense as a result of government funding. HPC operating income for the first half of 2019 was $730,204 compared to an operating loss of $256,098 in 2018 due to higher seismic software revenue and lower R&D expense.

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, 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 Q2 2019.

- Although application for approval to conduct the RF XL pilot at Prosper Petroleum Ltd.’s (“Prosper”) Rigel oil sands property near Fort McKay in northeast Alberta has been submitted to the Alberta Energy Regulator (“AER”), along with all supplemental information requested,
approval of the project has been delayed. In response, Management is pursuing several alternatives designed to provide a back-up plan, including, among other things, investigating different sites that could be used to conduct the commercial-scale test.

- As of the end of June, 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 Company completed factory acceptance testing of a prototype RF generator with partner GE, conducted additional bench-top testing of RF XL components with various oil sands core samples, completed various mechanical and electrical de-risking activities, and continued to refine proprietary RF XL components with key suppliers.
- Acceleware’s skilled engineers and scientists made significant progress on five patent applications during Q2 2019.
- 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 Q2 2019, revenue of $2,250 was recognized from RF heating from $nil in Q2 2018 on increased maintenance revenue from AxHEAT RF heating simulation software. RF heating revenue was essentially flat with the $2,225 generated in Q1 2019.
- A loss from operations attributed to the RF heating segment was 28% lower in Q2 2019 at $452,572 compared to $628,420 in Q2 2018, due to lower R&D expenses resulting from an increase in government funding. Operating loss for RF heating was 24% lower in Q2 2019 compared to the loss of $595,969 recorded in Q1 2019 due to lower R&D and general and administrative (“G&A”) expenses.
- RF Heating expenses declined by 34% in Q2 2019 compared to Q2 2018, largely due to lower R&D expenses as a result of increased government funding. Expenses declined 14% from the $761,817 recorded in Q1 2019 due to lower G&A and lower R&D.

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 40% to $211,225 in Q2 2019 compared to $350,098 in Q2 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 income in the HPC segment totaled $7,319 in Q2 2019, compared to an operating loss of $17,223 in Q2 2018, stemming from lower R&D expenditures, but was significantly lower than operating income of $722,885 recorded in Q1 2019 primarily due to lower seismic software revenue.

**OUTLOOK**

Initiating the commercial-scale RF XL pilot remains a priority throughout the latter half of 2019, including the identification of viable options that could be pursued should the AER application be further delayed. 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. Through 2019, Acceleware has been working to enhance our online presence while leveraging the support of industry associations like the Clean Resource Innovation Network (“CRIN”) through events in Calgary and Ottawa. In the fall of 2019, the Company expects to launch a new corporate website and social media 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 ACCELERARE:***

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 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.

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.

DISCLAIMER

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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For more information:
Geoff Clark
Tel: +1 (403) 249-9099
geoff.clark@acceleware.com

Acceleware Ltd.
435 10th Avenue SE
Calgary, AB, T2G 0W3
Canada
Tel: +1 (403) 249-9099
www.acceleware.com