



Acceleware Ltd. Reports Third Quarter 2020 Financial and Operating Results

CALGARY, ALBERTA – November 25, 2020 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), an innovator and leading developer of transformative clean-tech energy technologies, today announced its financial and operating results for the three and nine months ended September 30, 2020 (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 radio frequency heating technology (“RF Heating”), which supports a cost-effective and environmentally friendly alternative to steam assisted gravity drainage (“SAGD”) for the extraction of heavy oil and bitumen through its proprietary RF XL Heating technology, along with high-performance scientific computing applications (“HPC”). 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, 2020, and management’s discussion and analysis (“MD&A”) thereto, together with the audited financial statements for the year ended December 31, 2019, 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.

OPERATING SUMMARY HIGHLIGHTS

Acceleware has been very successful in advancing the development of its patented and patent-pending RF Heating technology through the quarter. Most notable achievements include:

1. **Approval of Experimental Scheme from the Alberta Energy Regulator for the commercial-scale field test of RF XL:** The approval allows Acceleware to move into the next R&D testing phase which includes preparing the site near Marwayne, Alberta, drilling and completing the test wells, constructing surface facilities and finally, turning on heat. These activities are expected to start in late 2020 and continue through the first and second quarters of 2021.
2. **Grant of a key RF XL patent in the United States:** This patent’s claims protect the fundamental design and operational elements that are key to delivering the numerous benefits of RF XL. The design elements included in the patent claim pave the way for efficient electrification of thermal enhanced oil recovery.
3. **Partnership with Saa Dene Group:** Acceleware has established Acceleware | Kisâstwêw, a limited partnership with Saa Dene Group ([Partnership Website](#)). Acceleware | Kisâstwêw merges two great cultures to drive the commercialization and adoption of Acceleware technologies, including RF XL. Acceleware’s culture of innovation is a match with Saa Dene Group’s extensive scope of experience and collaboration, influence within the Canadian energy industry and desire for responsible energy resource development and stewardship.

The Company made progress on these key objectives despite the unprecedented circumstances and global economic impact related to the COVID-19 pandemic, which led to extremely challenging operating conditions across the oil and gas industry.

As a result of negotiations which began in Q1 2020, the Company executed agreements effective May 19, 2020 with Broadview Energy (“Broadview”) to host the commercial-scale test of RF XL (the “Project”) at a site in the Cold Lake Oil Sands region near the town of Marwayne, Alberta. Acceleware will farm-in to Broadview’s Marwayne asset near Lloydminster, which offers favourable operating conditions that support accelerated timelines, including all-weather access, existing roads and well sites, and is in close proximity to key services and trades, all of which make Marwayne highly suitable for the Project. On October 16, 2020, regulatory approval was granted by the Alberta Energy Regulator on the experimental scheme application for the recovery of bitumen. Currently, the Company anticipates a Project budget of between \$16 and \$20 million, of which approximately \$16 million has already been raised by Acceleware. This includes \$5.25 million in funding from Sustainable Development Technology Canada (“SDTC”), \$5 million from Emissions Reduction Alberta (“ERA”) and \$2 million from a major Canadian oilsands producer. Acceleware is actively pursuing contributions from additional industry partners and government grant programs.

There were new patent applications filed in Q3 2020 to protect various proprietary technologies related to Acceleware’s RF Heating research and development (“R&D”), for a total of 25 patent applications pending or under development. One additional patent was granted in Q3 2020, bringing the total number of patents granted to four. The Company continues to work closely with the patent offices and its intellectual property advisors.

Acceleware continues efforts to drive external awareness and position its RF Heating technology more prominently in the oil and gas and clean-tech communities. Several new blog posts and videos were released via social media which feature discussions on the RF Heating technology by Acceleware’s engineering team. The collection of videos is available for viewing here: [Acceleware Vlog Posts 2020](#) .

Acceleware has found significant interest from numerous media sources for information related to our corporate story and product development. This interest has led to featured interviews and presentations on programs such as the [Danielle Smith Show](#) on AM 770 CHQR radio; the [Crownsmen Energy Show; Over a Barrel](#), a podcast hosted by the Canadian Heavy Oil Association; and in a [Global Energy Show webinar](#) on zero greenhouse gas (“GHG”) production of heavy oil and oil sands reservoirs. The Company was featured on a podcast hosted by the Alberta Clean Technology Industry Alliance and released a whitepaper on the potential for a zero-GHG project for oil sands and heavy oil producers relying on electrification through RF XL. Episode 21 of the podcast featuring Acceleware can be accessed at the following link: [Episode 21 ACTIA podcast with Acceleware](#) and the whitepaper can be accessed from the Company’s website at the following link: [Acceleware White Papers](#).

Acceleware’s involvement with the Clean Resource Innovation Network (“CRIN”) in 2019 led to a series of articles featuring Acceleware, two of which were published in Q1 2020, by JuneWarren-Nickle’s Energy

Group (“JWN”). These articles showcased the Company’s RF Heating technology and its impact on Canada’s evolving energy landscape. The first two articles in the series can be accessed here:

- [The State of Tech Innovation with Acceleware CEO Geoff Clark](#) and
- [Acceleware Entrepreneurs Work to Reduce Costs and Green-Up Oilsands Production](#)

The Company’s relationship with JWN also led to Acceleware’s nomination as a finalist at the JWN Energy Excellence Awards in the category of “Environmental Excellence: Land” alongside other nominees such as ConocoPhillips Canada and Cenovus Energy Inc. Details of the award are available at the following link: [JWN Energy Excellence Awards Companies Earn High Marks.](#)

Q3 2020 FINANCIAL RESULTS

Oil prices have been turbulent over the course of 2020, with an unprecedented drop in May 2020 due to a decline in global demand triggered by the COVID-19 pandemic, followed by a partial recovery in November 2020 . Acceleware has undertaken rapid and effective response measures to protect against the impacts of COVID-19 following government restrictions that were imposed to control the spread of the virus. Since the onset of the pandemic, the Company’s priority has remained the health and safety of its staff, clients, partners and other stakeholders. Acceleware implemented modified work practices, staggered work hours as needed, physical distancing and work-from-home protocols to meet all appropriate health and safety standards. The Company is pleased to report that transitioning its workforce to remote working environments has resulted in minimal productivity disruption.

In response to ongoing oil price volatility which could adversely affect the market for the Company's products and services and its ability to secure funds for its pilot project, Management has been actively seeking alternative forms of financing, including government assistance programs that have been made available for growth stage organizations. Acceleware meets eligibility criteria for the Canada Emergency Wage Subsidy and received funding for the period extending from March 15, 2020 to September 30, 2020. The Company has also applied for a loan provided by Canada’s COVID-19 Economic Response Plan through the Regional Relief and Recovery Fund of the Innovation, Science and Economic Development Institution of Canada.

QUARTER IN REVIEW

Revenue of approximately \$0.1 million was generated in the three months ended September 30, 2020 (“Q3 2020”) compared to approximately \$0.2 million in the three months ended September 30, 2019 (“Q3 2019”). Revenue of approximately \$0.6 million generated in the previous quarter ended June 30, 2020 (“Q2 2020”), was higher than in Q3 2020 due to a meaningful HPC software contract with an international customer that was recognized in Q2 2020 .

Total comprehensive loss for Q3 2020 of approximately \$0.5 million was in line with Q3 2019.

Gross R&D expenses incurred in Q3 2020 of approximately \$0.5 million were consistent with the same period in 2019. Federal and provincial government assistance of approximately \$0.3 million was

recognized in Q3 2020 (Q3 2019 – approximately \$0.2 million), offsetting research and development costs that were incurred. During the last quarter of 2018, Acceleware completed contribution agreements for the commercial-scale RF XL pilot test with SDTC and ERA as well as a major Canadian oil sands producer. The government assistance funding is recorded as an offset to R&D expenses as the spending is incurred.

General and administrative (“G&A”) expenses of approximately \$0.4 million in Q3 2020 were \$0.2 million lower than in the same period in 2019 due to lower payroll and consulting related costs. The Company continues to prioritize cost control in these uncertain economic conditions.

YEAR TO DATE REVIEW

Revenue of approximately \$0.8 million was generated in the nine months ended September 30, 2020 compared to approximately \$1.3 million in the nine months ended September 30, 2019. Revenue in the nine months ended September 30, 2019 was higher as it includes a one-time sale of software licenses for seismic imaging.

Total comprehensive loss for the nine months ended September 30, 2020 was approximately \$1.1 million compared to approximately \$0.9 million in the nine months ended September 30, 2019 due to the above-mentioned decrease in revenue and increased spending focused on R&D initiatives that (1) have a longer-term payback and (2) are directed at increasing the Company’s profile and presence in the clean technology segment of the energy industry.

Gross R&D expenses incurred in the nine months ended September 30, 2020 were approximately \$1.6 million, consistent with expenses incurred during the nine months ended September 30, 2019. Federal and provincial government assistance of approximately \$1.0 million was recognized in the nine months ended September 30, 2020 compared to approximately \$1.1 million in the nine months ended September 30, 2019, which offset research and development costs incurred.

G&A expenses incurred in the nine months ended September 30, 2020 were approximately \$1.4 million compared to approximately \$1.7 million in the nine months ended September 30, 2019 due to lower payroll and marketing costs. The Company continues to prioritize cost management in these uncertain economic conditions.

As at September 30, 2020, Acceleware had working capital of approximately \$0.3 million (December 31, 2019 – approximately \$1.0 million) including cash and cash equivalents of approximately \$2.9 million (December 31, 2019 – approximately \$4.4 million). The decrease in cash is attributable to ongoing investments in the RF XL field test and lower revenue.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are

marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Company continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available.*

RF XL HEATING BUSINESS SEGMENT SUMMARY

RF XL is Acceleware's patented and patent-pending RF Heating technology, designed to improve the extraction of heavy oil and bitumen, with a cost effective and environmentally friendly alternative to steam assisted gravity drainage ("SAGD"). When applied, RF XL has the potential to reduce both capital and operating costs, while offering significant environmental benefits, including:

- immediate GHG emission reductions;
- a substantial decrease in land use;
- the elimination of external water use;
- no requirement for solvents; and
- no need for water treatment facilities or tailings ponds.

The Company believes that its RF XL Heating technology, as an electrically-driven process, can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment with industry and government goals to recognize innovation as a meaningful solution in the oil and gas industry's overall emission reduction plans.

RF XL Background

Acceleware began investigating technology in 2010 that would use RF energy for in-situ heating of heavy oil and bitumen. In each of the four years up to 2017, the Company received funding from NRC-IRAP to partially finance its RF heating technology development. In 2018, the Company began preparation for a commercial-scale field test of its RF XL technology, which will use two megawatts of electricity with an 800m to 1000m horizontal well.

In 2018, Acceleware was awarded a \$10 million non-repayable contribution funded 50/50 by the federal government of Canada and the provincial government of Alberta in accordance with their mandates to bring clean technologies to market that are economically viable and reduce GHG emissions. Acceleware raised a further \$2 million in funding for the test from a major Canadian oil sands operator. The Company

* this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

continues to pursue partnerships with energy companies to provide additional financial and technical support for this commercial-scale field test in an oil sands reservoir.

In 2019, Acceleware, with partner GE, completed the design, manufacturing, and factory testing of the prototype RF converter that will be used in the commercial-scale field test. In late 2019, the prototype RF converter was field tested at the Company's simulated "ditch" reservoir in Alberta and produced record results. Acceleware has also finalized design concepts for drilling and completing RF XL wells and has completed front-end engineering and design of the surface facilities that will be used during the test.

Acceleware has received conditional approval from its core funders for the partnership with Broadview. In October 2020, the Company received approval of its Experiment Recovery Scheme Application under the Oil Sands Conservation Act from the Alberta Energy Regulator for the Company's commercial-scale field test at Marwayne, Alberta. The regulatory approval paves the way for Acceleware to proceed with the Project, and the Company is currently working with its service and component supply partners to order long lead equipment and materials and schedule the deployment of the test.*

Q3 2020 RF XL Results Summary

- RF Heating revenue fell to \$nil for Q3 2020 compared to \$15,925 in Q3 2019 and \$nil in Q2 2020 as are result of the Company re-focusing its efforts entirely on the commercial-scale test of RF XL and away from efforts to generate revenues from the Company's AxHEAT RF heating simulation software. In addition to software and maintenance services, the Company continues to offer RF heating simulation and feasibility services.
- RF Heating expenses declined 17% in Q3 2020 compared to Q3 2019 and increased 11% over the previous quarter. RF Heating G&A expenses in Q3 2020 declined 9% and 2% over Q3 2019 and Q2 2020, respectively, due to lower payroll and payroll related costs. RF Heating R&D expenses were 30% lower in Q3 2020 than in Q3 2019 due to higher government assistance recognized in Q3 2020 related to the RF XL commercial-scale test and R&D expenses were 51% higher than the previous quarter due to higher payroll and contractor costs for planning activities related to the execution phase of the commercial-scale pilot test of RF XL.

HIGH-PERFORMANCE COMPUTING BUSINESS SEGMENT SUMMARY

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. While the Company is focusing on energy markets, it continues to develop and sell its electro-magnetic ("EM") simulation software FDTD (or finite difference time domain) solution, AxFDTD, to end users primarily through independent software vendors that have integrated Acceleware's solution into their software architecture.

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In 2019, the Company focused on selling seismic imaging software to the oil and gas exploration market and continued the development of its suite of seismic products, as well as adding features, functionality and performance to AxRTM, AxWave and AxFWI. Going forward, the Company will access the oil and gas geoscience software market with innovative licensing structures whereby software licences will be sold direct to oil and gas customers, which is expected to result in fewer overall sales transactions but higher overall revenue and, as such, increased volatility in quarterly revenue.

Q3 2020 Results Summary

- HPC revenue declined to \$130,219 in Q3 2020, from \$181,076 in Q3 2019 and \$611,712 in Q2 2020 due to the new licensing sales model referenced above and a meaningful contract signed in Q1 2020 for which work was completed in Q2 2020. Maintenance revenue decreased in the HPC division due to the expiry of software maintenance licenses at the end of 2019. As of early 2019, the Company no longer offers HPC consulting services and therefore has minimal services revenue.
- HPC expenses of \$150,310 in Q3 2020 decreased 36% and 3% compared to \$233,665 in Q3 2019 and \$154,315 in Q2 2020, respectively, due to lower payroll and payroll related costs in G&A expenses, partially offset by an increase in R&D expenses in Q3 2020 related to timing of receipt of the Canada Emergency Wage Subsidy COVID-19 relief program.

OUTLOOK

Building on its proven track record of successful development and commercialization of revolutionary technologies, Acceleware intends to continue focusing efforts on energy markets, with its proprietary products which including RF Heating, AxRTM, AxWave, AxFWI, and AxHEAT as the primary drivers of strategic revenue and continued investments. Innovations and improvements to the AxFDTD will continue for the electromagnetic markets and are expected to be an enabling technology for AxHEAT in the energy market.

Historically low oil prices combined with the unprecedented impact of COVID-19 and measures taken by governments and companies to contain its spread may affect Acceleware's ability to raise additional funding for the final stages of the commercial scale pilot test of RF XL. A delay in the testing program may result in additional costs and a delay in technology commercialization. To mitigate this risk, the Company plans to prioritize the RF Heating segment by concentrating capital allocation and resource deployment to it.

Acceleware intends to continue identifying opportunities to raise its profile, support focused industry organizations and further strengthen relationships with key members of the clean-tech community in a measured fashion with minimal financial expenditures. In an effort to preserve financial flexibility during the unprecedented market conditions caused by COVID-19, Acceleware will control operating expenses and limit capital expenditures. New R&D investments are expected 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) 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, its patented and patent-pending low-cost, low-carbon production technology for heavy oil and oil sands that is materially different from any heavy oil recovery technique used today. Acceleware's vision is that electrification of heavy oil and oil sands production can be made possible through RF XL, supporting a transition to much cleaner energy production that can quickly bend the emissions curve downward. Further, Acceleware's RF XL technology could be a key component of an end-to-end integrated carbon management system that can eliminate greenhouse gas (GHG) emissions associated with heavy oil and oil sands production, whether for fossil fuels, or for future clean bitumen by-products such as petrochemicals, carbon fibre, and blue or green hydrogen production. RF XL uses no water, requires no solvent, has a small physical footprint, can be redeployed from site to site, and can be applied to a multitude of reservoir types. 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, secure an alternative test site and partner for the RF XL technology, Acceleware's strategy to finance the RF XL technology, the anticipated benefits of the RF XL technology and the impact of the novel coronavirus disease known as COVID-19 and the impact from changes in oil and natural gas production levels of both the Organization of Petroleum Exporting Countries ("OPEC") and non-OPEC countries. Acceleware assumes 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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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