CALGARY, ALBERTA – May 27, 2021 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading developer of technologies targeting low-cost and clean extraction of heavy oil and bitumen, today announced its financial and operating results for the three months ended March 31, 2021 (all figures are in Canadian dollars unless otherwise noted). Acceleware’s first 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 and the accompanying notes for the three months ended March 31, 2021, and management’s discussion and analysis (“MD&A”) thereto, together with the audited financial statements for the year ended December 31, 2020, 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 continued to advance the development of its patented RF heating technology through the first quarter of 2021. This progress builds on the Company’s previously announced 2020 key accomplishments which include:

- the partnership with Broadview Energy to host the commercial-scale testing of its RF heating technology at a site in the Cold Lake Oil Sands region near the town of Marwayne, Alberta (the “Pilot”);
- a successful full-power test of two modules, or 500 kW, of the Clean Tech Inverter (“CTI”) prototype;
- receipt of all required regulatory approvals from the Alberta Energy Regulator for the Pilot;
- grant of a key RF XL patent in the United States;
- confirmation from the first major oil sands producer of ongoing support for RF XL Pilot;
- second major oil sands producer committed to support RF XL Pilot; and
- established Acceleware | Kisâstwêw, a limited partnership with Saa Dene Group.

The Company’s most notable achievements during the three months ended March 31, 2021 include:

- $5 million of new funding from Alberta Innovates for RF XL Pilot: The Company entered into an investment agreement (the “Agreement”) with Alberta Innovates, the province of Alberta’s largest research and innovation agency. Under the terms of the Agreement, Alberta Innovates agreed to provide Acceleware with a contribution of up to $5 million for the Pilot. The funding is provided in accordance with the Alberta Innovates mandate and the mandate of the TIER
Economic Recovery Program. During the three months ended March 31, 2021 $2 million was received, with the remaining funds to be distributed at designated milestones over the course of the Pilot.

- **Jim Boucher nominated to stand for election to Acceleware’s board of directors**: A highly respected Indigenous leader, executive and philanthropist, Jim Boucher is a champion for sustainable and environmentally responsible development, social prosperity, and economic inclusion for Indigenous peoples. In 2020, he cofounded the Saa Dene Group of Companies. In his role as President, Jim is working with a variety of partners to pursue opportunities in multiple sectors with one clear vision: to increase diversity and inclusive opportunity through meaningful economic and social participation in the global economy.

The Pilot is fully funded based on current costs estimates, which range between $16 and $20 million. A total of approximately $19.5 million of direct funding has been raised to date including $5 million from Alberta Innovates, $5.5 million from Sustainable Development Technology Canada (“SDTC”), $5 million from Emissions Reduction Alberta (“ERA”), and $4 million provided by two major oil sands producers. During the three months ended March 31, 2021, the Company received an additional payment of $262,500 from SDTC in response to ongoing challenges arising from the global pandemic, increasing their total commitment up to approximately $5.5 million from $5.25 million.

With respect to progress on the Pilot, the Marwayne site was cleared in early 2021, while both industry-standard and proprietary well completion materials were ordered. These materials have either been received and are ready for deployment or are in the final stages of manufacturing and testing protocols. Surface equipment and facilities have been ordered and have either been received or are being constructed or manufactured at suppliers’ facilities. The majority of service company partners have been selected and contracted. Once all well completion materials have been manufactured, tested, and received, the next step for the Pilot is to drill and complete the wells, followed immediately by surface facility and equipment installation at site, and finally energizing the RF XL system. Although construction and manufacturing activities are for the most part on-track, Acceleware has experienced some supply-chain disruption resulting in minor delays in the receipt of materials and equipment from international suppliers. While the Company has largely mitigated these delays, management now expects, barring further delays, construction at the site to be complete in Q3 2021, with power up and heating following shortly thereafter. Although the initial heating phase is anticipated to run for approximately six months, this period may be extended to allow Acceleware to capture additional information on the efficiency and operation of the technology.

There are 7 patents granted or allowed to protect various proprietary technologies related to Acceleware’s RF Heating research and development (“R&D”), and 30 patent applications pending or under development. The Company continues to work closely with the patent offices and its intellectual property advisors.
Acceleware also continues to focus on driving external awareness of the Company and on positioning its RF Heating technology more prominently within both the oil and gas and clean-tech communities. Several new blog posts and videos have been released via social media recently 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.

**FINANCIAL SUMMARY HIGHLIGHTS**

In addition to securing additional Pilot funding in Q1 2021 from Alberta Innovates as noted above, the Company continued to complete engineering de-risking, lab testing and procurement, manufacturing and construction of materials and equipment for the Pilot, all of which contributed to an increased level of R&D spending in the period. Cumulative Pilot expenses as at March 31, 2021 were approximately $9.3 million (December 31, 2020 - $7.6 million). The remaining cash committed but not yet received from SDTC, ERA and Alberta Innovates, including holdbacks receivable is approximately $7.2 million (December 31, 2020 – approximately $4.2 million) and amounts committed but not yet received from two major oil-sands producers is approximately $2.2 million (December 31, 2020 – approximately $3.2 million).

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, and introduced 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. Acceleware meets eligibility criteria for the Canada Emergency Wage Subsidy (“CEWS”) and the Canada Emergency Rent Subsidy and had received cumulative payments of approximately $311,000 as at March 31, 2021.

**QUARTER IN REVIEW**

Revenue of approximately $0.3 million was generated in Q1 2021 compared to approximately $0.1 million in the three months ended March 31, 2020 (“Q1 2020”). Revenue of approximately $0.1 million was generated in the previous quarter ended December 31, 2020 (“Q4 2020”). Revenue in all three periods is attributable to software and maintenance sales. The increase in Q1 2021 is attributable to increasing activity in the oil and gas industry as commodity prices improved, which compares to the depressed results in 2020 due to the COVID-19 pandemic.

Total comprehensive loss for Q1 2021 was approximately $0.5 million compared to a comprehensive loss of approximately $0.5 million for Q1 2020 and a comprehensive loss of approximately $1.0 million for Q4 2020. The lower comprehensive loss in Q1 2021 and in Q1 2020 is due to lower payroll and payroll related costs.
Gross R&D expenses incurred in Q1 2021 were approximately $1.6 million compared to gross R&D expenses in both Q1 2020 and Q4 2020 of approximately $0.8 million each due to an increased level of activity on the Pilot. Federal and provincial government assistance of approximately $1.3 million was recognized in Q1 2021 compared to approximately $0.4 million in Q1 2020 and approximately $0.5 million in Q4 2020 offsetting gross research and development costs.

General and administrative (“G&A”) expenses incurred in Q1 2021 were approximately $0.4 million compared to approximately $0.5 million in Q1 2020 and approximately $0.7 million in Q4 2020 due to lower payroll costs. The Company continues to prioritize cost control given uncertain economic conditions.

As at March 31, 2021, Acceleware had working capital of approximately $0.5 million (December 31, 2020 – approximately $0.03 million) including cash and cash equivalents of approximately $3.8 million (December 31, 2020 – approximately $1.9 million). The increase in working capital and cash is attributable to timing of receipt of funding and R&D spending for the Pilot.

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.*

**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.

* 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
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.

Q1 2021 RF XL Results Summary

- RF Heating revenue increased to $85,000 in the three months ended March 31, 2021 from nil in each of Q1 2020 and Q4 2020 due to a sale of AxHeat in connection with a data revenue agreement to a major oil sands producer in Q1 2021. Since 2018, the Company has been successful selling data revenue agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the Pilot. Under IFRS 15 Revenue from Contracts with Customers, these contracts do not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. As at March 31, 2021, deferred revenue of $1,650,000 (December 31, 2020 - $750,000) has been recorded under these contracts for amounts that have been received in cash, and will be recognized as revenue once heating is complete or the contract is terminated, whichever is earlier.

- RF Heating expenses for the three months ended March 31, 2021 were $618,521 or 7% higher than $578,654 recorded in Q1 2020 and 22% lower than $797,804 recorded in Q4 2020. G&A expenses were lower compared to both Q1 2020 and Q4 2020 due to lower payroll and payroll related expenses. R&D expenses were higher compared to both Q1 2020 and Q4 2020 due to higher contractor and materials costs related to the activity for the Pilot.

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.

Q1 2021 HPC Results Summary

- HPC revenue increased to $186,106 in Q1 2021 from $83,003 in Q1 2020 and $74,348 in Q4 2020 due mainly to the increased activity in the oil and gas industry compared to the lower activity in 2020 resulting from the negative impact of COVID-19.

- HPC expenses for the three months ended March 31, 2021 were $143,825 or 33% lower than Q1 2020 and 36% lower than Q4 2020. Cost of sales are related to software sales in Q1 2021 with no similar sales in either Q1 2020 or Q4 2020. G&A expenses were lower compared to both Q1 2020 and Q4 2020 due to lower payroll and payroll related expenses. R&D expenses were nil in Q1
2021 and therefore lower than both Q1 2020 and Q4 2020 as the Company is focussing all R&D on 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, 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.

Acceleware has partnered with Saa Dene Group (co-founded by Jim Boucher) to create Acceleware | Kisâstwêw to raise the profile, adoption, and value of Acceleware technologies. The shared vision of the partnership is to improve the environmental and economic performance of the energy sector by supporting ideals that are important to Indigenous peoples, including respect for land, water, and clean air.

The Company’s 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 listed 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 the expected cost of the RF XL pilot at Marwayne, the timing of the execution of the Pilot, and the anticipated benefits of the RF XL technology. Acceleware assumes that current cost estimates are accurate, current timelines will not be delayed by either internal or external causes, 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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