

News Release
Acceleware Reports Results for the Three Months Ended March 31, 2017
For Immediate Release

CALGARY, Alberta – May 25, 2017 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading developer of high performance seismic imaging applications and RF heating technology, today announced results for the three months ended March 31, 2017 (all figures are in Canadian dollars unless otherwise noted).

During the three months ended March 31, 2017 (Q1 2017), Acceleware continued to invest in radio frequency (RF) heating research and development. Activities included completing a field test of critical components of the RF XL technology. The achieved objectives of the 1/20 scale field test were to successfully heat a sand formation with parameters similar to an oil sands reservoir, to confirm the results predicted from Acceleware’s AxHeat RF heating simulation software, and to prove innovative concepts around the transmission of RF energy from the RF generator down to the oil bearing formation. Increased RF heating revenue, coupled with a rebound in software and services revenue resulted in the highest quarterly revenue in five consecutive quarters. Notwithstanding the rebound, the Company continues to face a challenging market for its software and services, caused by the persistent weakness in the worldwide price of oil.

During the three months ended March 31, 2017, Acceleware recognized revenue of \$498,189 - 13% higher than the \$442,537 recognized during the three months ended March 31, 2016 (Q1 2016). The increase is primarily a result of a 131% increase in RF heating revenue, and despite a 16% decrease in software and services revenue. Revenue in Q1 2017 also increased 184% relative to the \$175,639 recorded in Q4 2016. The increase in revenue compared to the most recent quarter is due to higher RF heating revenue, and a 70% increase in software and services revenue, particularly higher seismic imaging maintenance revenue, and higher training services revenue. On a segmented basis, RF heating Revenue increased 131% to \$200,000 in Q1 2017, compared to \$86,648 in Q1 2016 and \$nil in Q4 2016, a direct result of a sale of the RF XL field test data. Software and services revenue was 26% lower at \$298,189 in Q1 2017 compared to \$355,889 in Q1 2016, due in large part to decreased seismic imaging product sales. However, software and services revenue was 70% higher in Q1 2017 compared to \$175,639 in Q4 2016 due to higher software maintenance, and higher training services revenue.

The Company had total comprehensive loss for Q1 2017 of \$448,859, an increase of 23% compared to a total comprehensive loss of \$365,018 for Q1 2016. The higher total comprehensive loss is a result of higher research and development expense, higher general and administrative expenses in the RF heating business, and despite lower cost of revenue in the software and services business. Total comprehensive loss decreased 53% in Q1 2017 to \$448,859 compared to \$953,737 in Q4 2016, due to higher revenue and lower expenses in all categories.

On a segmented basis, loss from operations attributed to the RF heating segment was 26% higher in Q1 2017 at \$415,598 compared to \$330,585 in Q1 2016, due to higher investment in research and development. Operating loss for RF heating was 48% lower in Q1 2017 compared to the loss of \$796,812 recorded in Q4 2016 due to higher revenue, and lower research and development and general and administrative expenses. Operating income attributed to software and services decreased to \$13,612 in Q1 2017, compared to \$20,292 in Q1 2016 due to lower revenue. Software and services operating income increased significantly compared to the operating loss of \$171,579 recorded in Q4 2016 due to higher revenue and lower cost of revenue expenses.

At March 31, 2017, Acceleware had \$1,393,632 (December 31, 2016 - \$1,616,415) in working capital, including \$1,114,844 (December 31, 2016 - \$1,922,318) in cash and cash equivalents, and \$49,928 (December 31, 2016 - \$58,09) in combined short-term and long-term debt in the form of finance leases. The Company has \$951,125 (December 31, 2016 - \$928,800) (principal plus accrued interest) in convertible debentures that accrue interest at 10% per year. The decrease in cash (and consequently working capital) is a result of the comprehensive loss incurred in Q1 2017, and an increased investment in working capital. The increase in working capital other than cash is a result of an increase in trade and other receivables reflecting increased revenue, and a decrease in accounts payable and accrued liabilities such as deferred salaries and other payroll liabilities.

Additional information, including the unaudited financial statements for the three months ended March 31, 2017, the management's discussion and analysis relating thereto, the audited financial statements for the year ended December 31, 2016, and management's discussion and analysis relating thereto, are available on SEDAR at www.sedar.com.

About Acceleware:

Acceleware (www.acceleware.com) develops high performance seismic imaging and modeling software products and provides innovative technology for radio frequency (RF) heating, an emerging thermal enhanced oil recovery method. As experts in programming for multi-core CPUs and massively parallel GPUs, Acceleware's professional services team specializes in accelerating computationally intense applications for clients to speed up product design, analyze data and help make better business decisions. Acceleware's products and services are used by some of the world's largest energy and engineering companies.

Acceleware is a public company on Canada's TSX Venture Exchange under the trading symbol AXE.

Disclaimers

This press 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 is prospective in nature, and includes disclosure about the issuer's prospective financial performance or financial position.

The forward-looking information in this press release includes information about the technical and economic feasibility of Acceleware's RF heating technology. Acceleware assumes that the results of simulations, testing and economic modelling conducted to date are indicative of future performance of the technology.

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.

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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