
Acceleware Ltd. Reports Second Quarter 2018 Financial and Operating Results

CALGARY, Alberta – August 29, 2018 – Acceleware® Ltd. (“Acceleware” or the “Company”) (TSX-V: AXE), a leading developer of high-performance seismic imaging applications and RF heating technology, today announced its financial and operating results for the three and six months ended June 30, 2018 (all figures are in Canadian dollars unless otherwise noted). This news release should be read in conjunction with the Company’s unaudited condensed interim financial statements for the six months ended June 30, 2018 and Management’s Discussion and Analysis (“MD&A”) thereto, and the audited consolidated financial statements for the year ended December 31, 2017 and the MD&A thereto. The above documents are available on Acceleware’s website at www.acceleware.com or on SEDAR at www.sedar.com.

Q2 2018 FINANCIAL SUMMARY AND OPERATING HIGHLIGHTS

During the second quarter, Acceleware’s software and services business experienced a strong rebound with revenue increasing by more than 100% over the first quarter of 2018. Subsequent to the quarter, on July 17, 2018 the Company announced a significant milestone in the development of its RF XL radio frequency heating technology with the commencement of its a commercial-scale test of Acceleware’s RF XL radio frequency heating technology with Prosper Petroleum at its Rigel property in northeast Alberta.

- Generated second quarter revenue of \$350,098 compared to \$170,259 recognized during Q1 2018, representing an increase of 106%. The improvement was primarily attributable to a 325% increase in software consulting (HPC training) revenue and a 42% increase in software (principally seismic) maintenance revenue. Revenue also increased 12% in Q2 2018 compared to the \$312,612 recorded in Q2 2017 also primarily as a result of higher seismic software maintenance revenue.
- Reduced operating loss by 23% in Q2 2018 to \$645,643 from \$833,879 in Q1 2018 on higher revenue. Operating loss was also 14% lower than the \$753,686 recorded in Q2 2017 resulting from higher revenue and lower cost of revenue and general and administrative (G&A) expense..
- Narrowed total comprehensive loss by 23% compared to Q1 2018 when it was \$839,377 as a result of stronger revenue. The total comprehensive loss for the second quarter of 2018 was \$645,911, 1% higher than the total comprehensive loss of \$641,197 recorded in Q2 2017. Despite generating higher revenue and lower expenses in Q2 2018, the year-over-year increase was the result of a gain on derivative instruments that were recorded in Q2 2017.

- Maintained working capital of \$56,312 (December 31, 2017 – \$403,501) including \$666,130 (December 31, 2017 - \$781,315) in cash and cash equivalents, with \$188,634 (December 31, 2017 - \$183,373) in combined short-term and long-term debt in the form of finance leases. The decrease in cash is a result of the comprehensive loss incurred in the six months ended June 30, 2018, offset by cash received of \$222,443 related to the Company's 2017 Alberta SR&ED tax credit claim, and \$778,897 received from the exercise of stock options and warrants.

SIX MONTHS ENDED JUNE 30, 2018 FINANCIAL SUMMARY

Although Acceleware had a stronger Q2 2018 compared to Q2 2017, a weaker Q1 2018 contributed to lower revenue and consequently higher loss in the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

- Revenue was 36% lower in the six months ended June 30, 2018 falling to \$520,357 from \$810,801 recorded in the six months ended June 30, 2017 due to lower RF heating revenue (the Company sold data from a field test of RF XL in the six months ended June 30, 2017), lower seismic software product revenue, and lower software consulting revenue.
- Operating loss rose 28% in the six months ended June 30, 2018 to \$1,479,522 from \$1,155,672 recorded in the six months ended June 30, 2017 due to lower revenue and higher G&A expense related to share-based compensation (stock options).
- Total comprehensive loss increased 36% in the six months ended June 30, 2018 to \$1,485,288, from a loss of \$1,090,056 recorded in the six months ended June 30, 2017. The increase is a result of lower revenue, and a gain on derivative instruments recorded in the six months ended June 30, 2017.

RF HEATING BUSINESS SEGMENT

RF Heating is Acceleware's patented and patent-pending RF XL technology that has the potential to save billions of dollars in oil sands production costs. When applied, the technology has the potential to reduce both capital and operating costs, while offering major environmental benefits, including immediate greenhouse gas ("GHG") emission reductions, a substantial decrease in land use, no requirement for external water or solvents and no 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.

During the second quarter of 2018, the Company continued to invest in RF heating research and development (R&D) with the preparation of additional patent applications, and engineering and design work in anticipation of the Company's imminent commercial-scale test of RF XL. Acceleware is pleased to announce it has now:

- Completed the initial design of the prototype RF generator with General Electric;
- Furthered the design concepts for the drilling and completion of the RF XL and production wells, and continued its work on the design of surface facilities;
- Created a six-member Advisory Board that will support the commercialization of its RF technology and has commenced working with the Acceleware executive team; and
- Announced a commercial-scale test agreement with Prosper Petroleum Ltd., paving the way for the Company to access the \$10 million non-repayable grant awarded to the Company by Sustainable Development Technology Canada (SDTC) and Emissions Reduction Alberta (ERA). The grant is subject to the Company completing contribution agreements with both SDTC and ERA, which are expected to be signed in Q3 2018.

During the second quarter of 2018, operating losses attributed to the RF heating business segment were \$628,420, a 14% reduction from the \$730,579 in Q2 2017, due to lower G&A expense, and lower research and development (R&D) expense.

SOFTWARE AND SERVICES BUSINESS SEGMENT

Acceleware's Software and Services Business Segment helps customers meet their high performance software needs including software development and porting, acceleration assessments and mentoring. This includes its seismic imaging software that provides the most accurate and advanced imaging available for oil exploration in complex geologies.

During the second quarter of 2018, the Company saw increased demand for products and services in both oil and gas and non-oil and gas verticals.

- Recognized software and services revenue of \$350,098 in Q2 2018 - 106% higher than the \$170,259 recognized during Q1 2018. The increase is primarily a result of a 325% increase in software consulting (HPC training) revenue and a 42% increase in seismic and EM software maintenance revenue. Revenue also increased 12% in Q2 2018 compared to the \$312,612 recorded in Q2 2017 primarily as a result of higher seismic software maintenance revenue.
- Operating loss attributed to software and services was 25% lower at \$17,223 in Q2 2018, compared to a loss of \$23,107 in Q2 2017 due to higher revenue, and lower cost of revenue.

Software and services operating loss decreased significantly in Q2 2018 compared to the operating loss of \$238,875 recorded in Q1 2018 on higher revenue, and lower R&D and G&A expenses. For the six months ended June 30, 2018 software and services operating loss was \$256,098 compared to operating loss of \$9,495 for the six months ended June 30, 2017 due to lower seismic product revenue, higher G&A expense related to stock-based compensation, and higher R&D investment.

ABOUT ACCELEWARE:

Acceleware (www.acceleware.com) is an innovator of clean-tech oil and gas technologies comprising two business units: Radio Frequency (RF) Enhanced Oil Recovery; and Seismic Imaging Software and Software Acceleration Services.

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's professional services team accelerates computationally intense applications for clients to speed up product design, analyze data and help them make better business decisions.

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

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