Acceleware Ltd. Reports Fourth Quarter 2020 Financial and Operating Results

CALGARY, ALBERTA – March 24, 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 year ended December 31, 2020 (all figures are in Canadian dollars unless otherwise noted). Acceleware's year end 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 audited financial statements for the year ended December 31, 2020, and management's discussion and analysis ("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 continues to advance the development of its patented RF heating technology through the fourth quarter of 2020 and into early 2021. This progress builds on the Company's previously announced 2020 key accomplishments which include:

- the partnership with Broadview Energy to host the Pilot at a site in the Cold Lake Oil Sands region near the town of Marwayne, Alberta;
- 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; and
- grant of a key RF XL patent in the United States.

The Company's most notable achievements during the three months ended December 31, 2020 ("Q4 2020") include:

1. **Confirmation from major oil sands producer of ongoing support for RF XL Pilot:** In 2018 an oil sands producer (the "First Producer") committed to contribute up to $2 million of funding to support the Pilot, along with the ongoing commitment to provide input into design and test specifications prior to completion. In December 2020, the First Producer reaffirmed its commitment to continue to invest in the Pilot after reviewing key technology field test results and simulations.

2. **A second major oil sands producer committed support to RF XL Pilot**: An agreement to provide financial and technical support for the Pilot was signed with a second major oil sands producer (the "Second Producer"). The Second Producer will provide funding of $2 million

and technical expertise in support of the Pilot under the terms of an agreement with Acceleware. In exchange for the funding and under similar terms as the First Producer, the Second Producer will provide input into designs and test specifications prior to completion, and will receive, along with the other Pilot participants, exclusive access to the full set of detailed technical data and test results for one year following completion of the Pilot. Acceleware has granted the Second Producer prioritized rights to host a subsequent test of Acceleware's RF XL technology, preferred pricing on pre-commercial products, and preferred access to RF XL products over operators who do not participate in the Pilot.

3. **Partnership with Saa Dene Group:** Acceleware 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 ideally aligned 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..

In addition to the key events in Q4 2020, Acceleware announced in March 2021 that the Pilot is now fully funded based on current costs estimates, which range between $16 and $20 million. A total of $19.25 million of direct funding has been raised to date after securing a $5 million investment from Alberta Innovates, the province of Alberta's largest research and innovation agency combined with $5.25 million from Sustainable Development Technology Canada ("SDTC"), $5 million from Emissions Reduction Alberta ("ERA"), and $4 million provided by two major oil sands producers.

With respect to progress on the Pilot, the Marwayne site was cleared in early 2021, long-lead equipment and materials for the test have been ordered, and many service company partners have been selected and contracted. Subject to weather or other unforeseen delays, Acceleware anticipates construction at the site will be complete before the end of June 2021, followed by heating which is expected to commence in early Q3 2021. While 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 to protect various proprietary technologies related to Acceleware's RF heating R&D, and 27 patent applications pending or under development. The Company continues to work closely with the patent office and its intellectual property advisors.

Acceleware continues to focus on driving external awareness of the Company and on positioning 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 .

FINANCIAL SUMMARY HIGHLIGHTS

As outlined above, by the end of 2020, Acceleware had successfully completed many key milestones for the Pilot including engineering de-risking, design completion, lab testing, field testing, site selection, regulatory approval, and ordering of long-lead materials and supplies, all of which contributed to an increased level of R&D spending. Cumulative Pilot expenses as at December 31, 2020 were approximately $7.7 million (December 31, 2019 - $5.1 million) and have been funded by approximately $4.6 million from government programs (December 31, 2019 - $3.1 million), $0.8 million by milestone contributions from major oil-sands producer (December 31, 2019 - $0.5 million), and by funds generated internally from sales of software, maintenance and services contracts. SDTC and ERA pay in advance for each milestone and Acceleware has received approximately $6.0 million of the total $10.25 million as of December 31, 2020 (December 31, 2019 – approximately $5.7 million). Although Acceleware experienced lower revenue in 2020 as compared to 2019 due to an intentional allocation of resources to progressing the Pilot and the negative impact due to the oil and gas industry of the COVID-19 pandemic, software and maintenance revenue for FDTD and seismic software continued to provide positive cash flows for the Pilot.

YEAR TO DATE REVIEW

Revenue of approximately $0.9 million was generated for the year ended December 31, 2020 compared to approximately $1.5 million for the year ended December 31, 2019 from the Company's software, maintenance and services revenue streams. In addition to recognized revenue, Acceleware has also received non-refundable milestone cash payments of $0.3 million for the year ended December 31, 2020 (December 31, 2019 - $0.2 million) which are recorded in deferred revenue. Data revenue equal to the amount recorded in deferred revenue will be recognized as revenue at the end of the Pilot or when the data contract is terminated, whichever is earlier. Total deferred revenue recorded on the statement of financial position as at December 31, 2020 is $0.75 million (December 31, 2019 – $0.45 million).

Total comprehensive loss for the year ended December 31, 2020 was approximately $2.1 million (December 31, 2019 – approximately $1.6 million) as the majority of 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 during the year ended December 31, 2020 were approximately $2.5 million compared to approximately $1.9 million incurred during the year ended December 31, 2019 due to increased R&D activity noted above as well as the elimination of the Alberta SR&ED tax credit as of January 1, 2020. Federal and provincial government assistance of approximately $1.5 million was recognized in 2020 (December 31, 2019 - $1.2 million), which offsets research and development costs incurred.

General and administrative ("G&A") expenses incurred during the year ended December 31, 2020 were approximately $2.1 million compared to approximately $2.3 million during the year ended December 31, 2019 due primarily to lower share-based payment costs, marketing costs, and professional fees partially

offset by higher payroll costs. The Company continues to prioritize cost management in these uncertain economic times.

As at December 31, 2020, Acceleware had working capital of approximately $0.03 million (December 31, 2019 – approximately $1.5 million) including cash and cash equivalents of approximately $1.9 million (December 31, 2019 – approximately $4.4 million). The decrease in working capital and cash is attributable to 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. As noted in the operating summary, Acceleware was successful in late 2020 and early 2021 in securing a further $7 million in funding from Alberta Innovates and a second major oil-sands producer, the majority of which is expected to be received in 2021 at designated milestones over the course of the Pilot. With these new funding agreements and based on the Pilot's current cost estimates, Management believes it to be fully funded.*

QUARTER IN REVIEW

Revenue of approximately $0.1 million was generated in Q4 2020 compared to approximately $0.2 million in the three months ended December 31, 2019 ("Q4 2019"). Revenue of approximately $0.1 million was generated in the previous quarter ended September 30, 2020 ("Q3 2020"). Revenue in all three periods is primarily attributable to software and maintenance sales.

Total comprehensive loss for Q4 2020 was approximately $1.0 million compared to a comprehensive loss of approximately $0.6 million for Q4 2019 and a comprehensive loss of approximately $1.1 million for Q3 2020.

Gross R&D expenses incurred in Q4 2020 were approximately $0.8 million compared to gross R&D expenses in Q4 2019 and Q3 2020 of approximately $0.5 million due to an increased level of activity on the Pilot. Federal and provincial government assistance of approximately $0.5 million was recognized in Q4 2020 compared to approximately $0.3 million in Q4 2019 and Q3 2020 offsetting gross research and development costs.

* 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

G&A expenses of approximately $0.7 million in Q4 2020 were $0.2 million higher than in the same period in 2019 due to higher payroll costs. The Company continues to prioritize cost control given uncertain economic conditions.

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.

2020 RF XL Results Summary

- RF Heating revenue in the year ended December 31, 2020 decreased 100% to $nil compared to the year ended December 31, 2019 as a result of the Company re-focusing its efforts entirely on the Pilot and away from efforts to generate revenue from the Company's AxHEAT RF heating simulation software.

- RF Heating expenses increased 5% to $2,275,699 during the year ended December 31, 2020 compared to the year ended December 31, 2019 due to higher R&D expenses partially offset by lower G&A expenses. RF Heating R&D expenses are higher due to spending on increased activity for the Pilot. G&A expenses are lower primarily due to lower share-based payment costs, marketing costs, and professional fees partially offset by higher payroll costs.

Q4 2020 RF XL Results Summary

- RF Heating revenue fell to $nil for Q4 2020, compared to $2,340 in Q4 2019 and $nil in Q3 2020, as a result of the Company re-focusing its efforts entirely on the Pilot. In addition to software and maintenance services, the Company continues to offer RF Heating simulation and feasibility services.

- RF Heating expenses increased to $760,804 for Q4 2020, compared to $544,218 in Q4 2019 and $481,510 in Q3 2020. G&A expenses were higher due to increased payroll and payroll related

expenses. R&D expenses were higher due to higher contractor and materials costs related to the ramp-up of 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.

2020 HPC Results Summary

- HPC revenue in the year ended December 31, 2020 decreased 37% to $899,281 compared to the year ended December 31, 2019 due mainly to lower maintenance revenue for contracts that ended in 2019, lower demand for seismic imaging software in a weak oil and gas sector and lower services revenue after discontinuing custom software development services in 2019, the effects of which were compounded by the global COVID-19 pandemic.

- HPC expenses decreased 7% to $742,472 during the year ended December 31, 2020 compared to the year ended December 31, 2019 as higher contractor costs in R&D were more than offset by lower G&A costs.

Q4 2020 HPC Results Summary

- HPC revenue declined to $74,347 in Q4 2020 from $152,375 in Q4 2019 and $130,218 in Q3 2020 due in part to the impact of COVID-19 and as a result of the Company re-focusing its efforts entirely on the Pilot. The Company ceased to offer HPC consulting services in early 2019.

- HPC expenses increased to $223,663 in Q4 2020 from $197,149 in Q4 2019 and $150,310 in Q3 2020 primarily due to higher payroll and payroll related expenses.

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.

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