ACCELEWARE CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2011

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Corp.'s ("Acceleware", the "Corporation" or the "Company") unaudited interim financial statements and the accompanying notes for the three months ended March 31, 2011 which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the audited annual financial statements, accompanying notes and MD&A for the year ended December 31, 2010 which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Corp.

This MD&A is presented as of May 25, 2011. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing if required;
- projections of sales increases through focus on core markets, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- advantages to using Acceleware's products and services;
- ease and efficiency of implementing Acceleware's products and services; and
- supply and demand for Acceleware's primary products and services.

With respect to forward-looking statements contained in this MD&A, the Corporation has assumed, among other things:

- that the cost savings initiatives taken to date, coupled with the future revenue and cash flow expected by the Company's management ("Management") will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively impacted by general economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;
- that it will be able to increase sales of its products and services by focussing on key vertical markets, increasing the number of ISV partners, and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company may not be able to successfully attract and integrate its

offerings into ISVs' products and that its research and development efforts may be unable to develop continuous improvements; and

- that it will be able to withstand the impact of increasing competition – which is subject to the risk that the adoption of graphics processing unit ("GPU") computing (and any future hardware platform utilized by the Company) may be negatively affected by future advances in competing technology.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A.

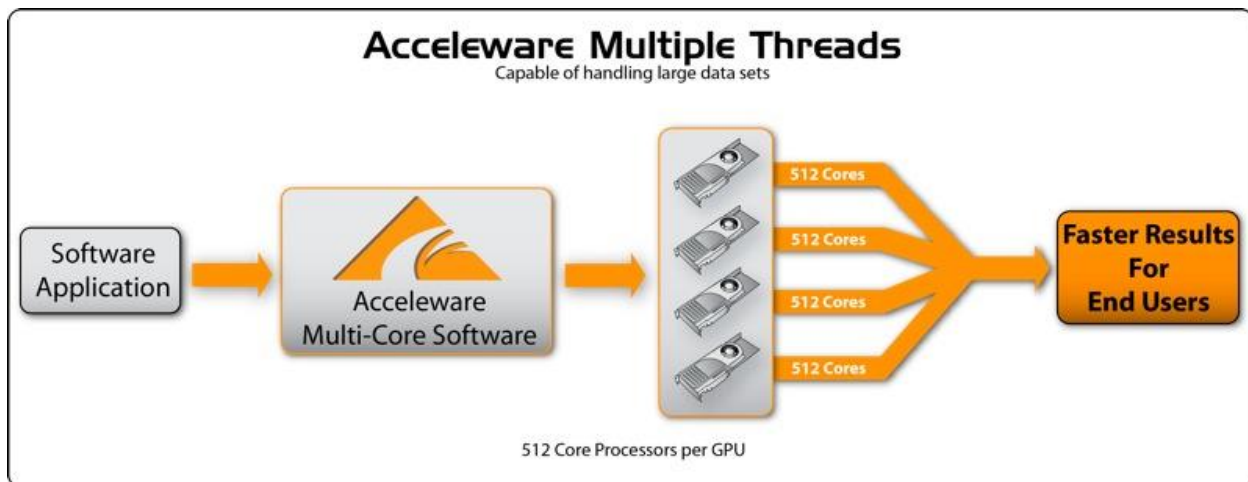
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Corporation's ability to protect and commercially exploit its intellectual property. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Company Overview

Acceleware is a high performance computing ("HPC") company that specializes in developing technologies that significantly reduce the computer processing time required for large scale mathematical calculations. Acceleware develops and sells specialized proprietary software; a combination of specialized proprietary software and third party hardware; and consulting services.

Acceleware solutions and services are deployed by major organizations worldwide to accelerate computer simulation and data processing applications in areas such as computer aided engineering ("CAE"), oil and gas exploration and development, medical imaging, industrial and consumer product design, and academic research. Acceleware's core markets are CAE and oil and gas exploration and development applications. Computing tasks in these fields can take several days, weeks, months or a year to complete, and represent a major bottleneck that prevents progress and innovation. Acceleware's solutions allow organizations to accomplish the same tasks many times faster (for example hours rather than days, or days rather than weeks), and also allow organizations to tackle larger, more complex problems. By enhancing a client's ability to compute, Acceleware helps them to compete.

Acceleware's proprietary software interface allows existing software programs to utilize the multi-core computing platforms that are available today. The Company's proprietary software allows these existing third-party software applications to leverage a combination of Graphic Processing Units ("GPUs"), Central Processing Units ("CPUs") and/or other many-core accelerator technologies as mathematical co-processors. Through this technology, Acceleware has brought supercomputing to the desktop.



In CAE, most of the major mobile telephone manufacturers in the world are using Acceleware's electromagnetic design solutions to design their products more rapidly. Acceleware's fourth-generation software acceleration solutions that support multi-board GPU solutions can accelerate entire industrial simulation and processing applications by over 35 times.

The solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating their applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing speed without the end user having to learn new skills or change their work processes.

In the CAE market, Acceleware partners with software developers to increase the speed at which partners' software runs. Some of the Company's current software partners include SPEAG, Synopsys and Agilent Technologies. Acceleware reaches the CAE market through a combination of partner channels and direct sales.

Acceleware has developed seismic data processing applications for customers and partners in the oil and gas exploration and development market. Acceleware accesses the oil and gas exploration and development market

through a combination of channel and direct sales. The Company provides partners with software solutions as an add-on or replacement to an existing seismic data processing platform to increase the functionality of and/or the speed of partners' software. Some of the Company's current software partners include Tsunami Development and Paradigm Geophysical.

In a variety of markets, Acceleware provides HPC consulting services to developers and users, under fixed price or hourly contracts. In addition to these consulting services, Acceleware provides public and private training courses to developers of HPC solutions.

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. As at March 31, 2011, Acceleware had 21 employees including: 2 in administration; 4 in sales, marketing, and product management; and 15 in research and development.

Overall Performance

During the three months ended March 31, 2011 ("Q1, 2011") Acceleware achieved its third consecutive quarter of improvement in both revenue and net loss when compared to the same quarter a year ago (three months ended March 31, 2010 "Q1, 2010") The improvement was a result of increases in product sales (particularly the Company's electromagnetic simulation software) and in the Company's proprietary HPC training services, coupled with an overall reduction in expenses. However revenue declined and net loss increased compared to the preceding calendar quarter (three months ended December 31, 2010 "Q4, 2010") mainly due to delayed consulting services revenue.

During the three months ended March 31, 2011, Acceleware had a net loss of $260,505 a 38% decrease compared to a net loss of $418,979 for the three months ended March 31, 2010. The decrease in net loss is a result of increased revenue relating to product sales and consulting services, and reduced general and administrative expense. The reduced general and administrative was partially offset by increased research and development expenses. Net loss for Q1, 2011 increased 216% from the $82,532 recorded in Q4, 2010 due to reduced consulting services revenue. During Q1, 2011 the Company recognized revenue of $514,624 representing a 4% increase over the $493,735 recognized during Q1, 2010 due to increased products and consulting services revenue. Revenue for Q1, 2011 decreased 23% over the $672,556 recognized in Q4, 2010. The decrease in revenue from Q4, 2010 was due to a delay in the commencement of consulting services projects particularly in the oil and gas market.

At March 31, 2011 Acceleware had $129,443 in working capital compared to December 31, 2010 when it was $342,618. Cash and cash equivalents have decreased since December 31, 2010 from $353,584 to $250,312 as at March 31, 2011. The decrease in working capital is related to negative cash flow from operating activities during the three months ended March 31, 2011. However, working capital and cash and cash equivalents increased substantially subsequent to the period end due to the closing of the Company's plan of arrangement that resulted in approximately $900,000 in cash proceeds to the Company (see note 22 to the Interim Financial Statements for the three months ended March 31, 2011). The Company continues to have no debt. Despite the financing, Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q1, 2011, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were $759,395 compared to $685,395 for Q4, 2010 due to increased professional fees associated with the Company's changeover from GAAP to IFRS. Due to lower revenue and higher expenses, cash flow from operating activities decreased to negative $90,929 in Q1, 2011 from positive $49,625 in Q4, 2010.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the

next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional research and development initiatives, and further reducing sales, marketing and general and administrative expenses. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of operations and cash flows.[*]

First Quarter Highlights and Events

February 18, 2011 – the Company announced that it had entered into an arrangement agreement (the "Agreement") with an arm's length private company pursuant to which Acceleware will complete a reorganization transaction that is anticipated to net Acceleware $900,000 in financing (the "Proposed Transaction"). The Proposed Transaction involves a corporate restructuring of Acceleware, which will be completed pursuant to a court approved Plan of Arrangement. Acceleware will transfer all of its assets and liabilities to a new company to be incorporated under and governed by the Business Corporations Act (Alberta) ("New Acceleware") and, as a result, will no longer have access to the tax attributes of Old Acceleware. New Acceleware will conduct exactly the same business formerly conducted by Acceleware. The Proposed Transaction subsequently closed as contemplated on April 26, 2011.
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March 15, 2011 – The Company announced the successful completion of a project to transform Rock Solid Images ("RSI") FastTrack™ application for 3D CSEM modeling into a modern, modular software platform. The Acceleware converted version of FastTrack is a key component in RSI's client solution for determining the resistivity properties of sub-surface structures as part of their WISE™ workflows that integrates EM data with well log and seismic information for improved reservoir characterization.

Strategic Update

Consulting services business

Acceleware continues to see an increased demand for its specialized expertise both within its core verticals and in new markets. The company provides proof of concept, contract development, software code porting, and training services to its consulting clients. Where possible, the Company uses services as leverage to increase adoption of its products with its core verticals.

Relative to Q1, 2010, the Company saw increased consulting services business in Q1, 2011 particularly relating to its proprietary training services. Consulting services relate to both GPU and CPU HPC projects, and in some cases align well with the Company's core products. In several cases, the Company is developing long-term recurring business from key customers.

In Q1, 2011 Acceleware hosted several CUDA training classes in both open enrolment format and custom-designed for single organizations. Subsequent to the quarter end, the Company announced a partnership to offer Open-CL (an open-source computing language) training classes in conjunction with CPU and GPU manufacturer AMD.

Core verticals

In the CAE market, software is sold to end users primarily through channel partners or Independent Software Vendors ("ISV") that have integrated Acceleware's solution into their software packages. Acceleware currently works with some of the world's largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. ISVs are an important sales channel for Acceleware, and work with the Company's sales force by selling on Acceleware's behalf, co-selling with Acceleware's sales people, or referring potential customers to Acceleware. In 2011, Acceleware's CAE ISV

[*] 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

partners include Schmid & Partner Engineering AG ("SPEAG"), Agilent Technologies, Synopsis, Inc., and Crosslight.

To drive future sales growth, Acceleware will work to add new ISV partnerships. In addition to expanding the Company's potential customer base, new ISV partnerships also provide Acceleware with additional reselling agents who are strongly incented to cross-sell Acceleware's products alongside their software solutions.*

In addition to adding ISV partners, Acceleware is working to deliver new products and solutions to address the needs of a larger proportion of the installed base of its ISV partners. The Company is continuously improving its software acceleration products and expects to continue to release improved products with significant increases in performance every year.*

In Q1, 2011, the Company actively sold products and consulting services to the oil and gas exploration market. The Company continues to develop its latest release of AxRTM with TTI which the Company believes is a state-of-the-art RTM seismic data processing product. This and other seismic data acceleration solutions, with dense packaging and improved economics in power and cooling, provide a multi-fold performance increase that reduces lengthy processing times and enables expedited drilling decisions for the oil and gas industry. In Q1, 2011 several organizations were evaluating AxRTM.

The Company currently sells product and services solutions into the oil and gas market and will continue to develop improvements to its products and intensify its marketing and business development activities in this market throughout 2011. The Company currently sells its seismic processing solutions through one reseller, and is actively pursuing other resellers. Acceleware has also seen significant sales directly to end-users in this market, and expects to continue to see significant direct sales going forward.*

In 2011 the Company's seismic products are being developed and marketed directly, and through ISVs. The Company's key Seismic ISVs are Paradigm Geophysical and Tsunami Development.

Management believes that adding new partners and increasing the proportion of the partners' end-users that can be addressed by Acceleware's solutions will drive revenue growth, strengthen Acceleware's competitive position in the market verticals where Acceleware operates, and help to establish market leadership. Management believes that market leadership in these verticals will result in higher sales penetration over the long-term, as well as improved profitability. Growth in the Company's existing vertical markets will be funded by operations, existing cash resources and investments in the Company and further financing as required from time to time. The Company will continue to finance operations and its growth strategy primarily through the sales of the Company's products and services.*

Acceleware's intellectual property includes its proprietary algorithms, software algorithms and multi-core hardware interface that have been protected as trade secrets to date.

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Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, net loss and loss per share for the eight most recently completed quarters ended March 31, 2011.

	2011	2010				2009[1]		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$514,624	$672,556	$671,425	$646,725	$493,735	$610,884	$782,207	$1,000,372
Cash (used) generated in operating activities	(90,929)	49,625	34,004	(101,041)	(178,694)	(352,832)	(274,889)	(461,455)
Net loss	(260,505)	(82,532)	(96,828)	(109,644)	(418,979)	(237,880)	(480,468)	(260,321)
Loss per share basic and diluted	($0.005)	($0.002)	($0.002)	($0.002)	($0.008)	($0.005)	($0.009)	($0.005)

Compared to the same quarter a year earlier, Acceleware showed an increase in both profitability and cash used in operating activities during the three months ended March 31, 2011, due principally to reduced expenses.

Results of Operations

Revenue

During the three months ended March 31, 2011, the Company reported total revenues of $514,624, a 4% increase compared to $493,735 for the three months ended March 31, 2010. The increase in recognized revenue over the same period in the prior year was due to an increase in consulting revenue, particularly relating to the Company's proprietary training services. Recognized revenue decreased 23% in Q1, 2011 compared to $672,556 in Q4, 2010 due largely to a delay in the commencement of new consulting revenue projects in the oil & gas market.

Revenue	**Three months ended 03/31/2011**	Three months ended 03/31/2010	Three months ended 12/31/2010	% change Q1 2011 over Q1 2010	% change Q1 2011 over Q4 2010
Product sales	**$ 181,447**	$ 179,678	$ 153,126	1%	18%
Maintenance	**98,083**	103,748	61,764	-5%	59%
Consulting	**235,074**	210,269	457,613	12%	-49%
Interest	**20**	40	53	-50%	-62%
	$ 514,624	$ 493,735	$ 672,556	4%	-23%

Product sales increased 1% from $179,678 in Q1, 2010 to $181,447 in Q1, 2011 and increased 18% from the $153,126 in Q4, 2010 as the Company's CAE partners' sales prospects increased in 2011. Maintenance revenue decreased 5% from $103,748 in Q1, 2010 to $98,083 in Q1, 2011 reflective of the overall decrease in product sales over the preceding 12 months. However, maintenance revenue increased 59% in Q1, 2011 compared to the $61,764 recorded in Q4, 2011 as many of the Company's customers renewed annual maintenance contracts in Q1, 2011. Consulting services increased 12% to $235,074 in Q1, 2011 from $210,269 recorded in Q1, 2010 due to an increase in CUDA and OpenCL training services. Consulting revenue decreased 49% from the $457,613 recorded in Q4, 2010 due to a delay in the commencement of new consulting services projects from key customers in the oil and gas market. The Company expects consulting services revenue relating to oil and gas markets to increase as 2011 progresses.[*]

[1] Financial results for periods ending prior to the Company's transition date to IFRS (January 1, 2010) are reported in Canadian GAAP

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Expenses

Expenses		**Three months ended 03/31/2011**		Three months ended 03/31/2010		Three months ended 12/31/2010	% change Q1 2011 over Q1 2010	% change Q1 2011 over Q4 2010
Cost of revenue	**$**	**86,387**	**$**	88,684	**$**	134,233	-3%	-36%
General & administrative		**315,762**		517,625		347,973	-39%	-9%
Research & development		**372,556**		306,405		273,618	22%	36%
Loss on disposal of property		**424**		--		(736)	N/A%	-158%
	$	**775,129**	**$**	912,714	**$**	755,088	-15%	3%

Expenses decreased 15% during the three months ended March 31, 2011 to $775,129 from $912,714 for the three months ended March 31, 2010. The decrease is a result of the significant reductions in general and administrative expense, partially offset by increases in research and development expense. Expenses increased 3% from the $755,088 recorded in Q4, 2010, due to increased research and development expense, partially offset by reduced general and administrative expense and amortization.

Cost of revenue for Q1, 2011 decreased 3% to $86,387 from $88,684 in Q1, 2010. The decrease is a result of increased margin in the Company's training services compared to other forms of consulting services revenue. Cost of revenue decreased 36% from $134,233 expensed in Q4, 2010, due to decreased consulting cost of revenue (in turn due to lower consulting revenue) in Q1, 2011 compared to Q4, 2010.

General and administrative expenses ("G&A") include all salaries (excluding research and development personnel) and related expenses (including benefits and payroll taxes); sales and marketing activities; facility costs; stock-based compensation; a proportion of amortization of assets; and professional fees. For the three months ended March 31, 2011 G&A expenses decreased 39% to $315,762 from $517,625 recorded in Q1, 2010. The decrease is a result of lower staff levels, lower share-based compensation resulting from no stock option grants in Q1, 2011, lower facility costs, lower amortization, all slightly offset by higher professional fees. G&A expense decreased 8% in Q1, 2011 compared to the $314,381 recorded in Q4, 2010. The decrease is again a result of lower staff levels, offset by increased professional services fees associated with the Company's transition to IFRS.

For the three months ended March 31, 2011, research and development ("R&D") expenditures increased 22% to $372,556 from $306,405 for the three months ended March 31, 2010. The increase is a result of a significant reduction in government funding for R&D in Q1, 2011 compared to Q4, 2010. R&D expense increased 36% in Q1, 2011 compared to the $273,618 recorded in Q4, 2010. The increase is a result of increased staffing levels in R&D, coupled with a reduction in the R&D staff devoted to consulting services in Q1, 2011 compared to Q4, 2010.

Net Loss

The Company had a net loss for the three months ended March 31, 2011 of $260,505 a decrease of 38% from the $418,979 recorded in Q1, 2010 due to reduced expenses, and an increase of 216% from the $82,532 recorded in Q4, 2010, due to reduced revenue.

Liquidity and Capital Resources

At March 31, 2011 Acceleware had $129,443 in working capital compared to December 31, 2010 when it was $342,618. Cash and cash equivalents have decreased since December 31, 2010 from $353,584 to $250,312 as at March 31, 2011. The decrease in working capital is related to negative cash flow from operating activities during the three months ended March 31, 2011. However, working capital and cash and cash equivalents increased substantially subsequent to the period end due to the closing of the Company's plan of arrangement that resulted in approximately $900,000 in cash proceeds to the Company (see note 15 to the Interim Financial Statements for the three months ended March 31, 2011). The Company continues to have no debt. Despite the financing,

Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q1, 2011, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were $759,395 compared to $685,395 for Q4, 2010 due to increased professional fees associated with the Company's changeover to IFRS. Due to lower revenue and higher expenses, cash flow from operating activities decreased to negative $90,929 in Q1, 2011 from positive $49,625 in Q4, 2010.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional research and development initiatives, and further reducing sales, marketing and general and administrative expenses. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of operations and cash flows.[*]

As at March 31, 2011, the Company had current liabilities of $693,167 compared to current liabilities of $660,599 as at December 31, 2010. The increase is due to an increase in accounts payable and accrued liabilities and deferred revenue. Accounts payable and accrued liabilities increased due to increases in trade payables and deferred salaries payable to management and certain employees. Deferred revenue increased as the Company's customers renewed annual maintenance contracts in excess of the recognized maintenance revenue in the period.

Trade and Other Receivables

As a result of increased efforts focused on collections of receivables and lower revenue in Q1, 2011 compared to Q4, 2010, trade and other receivables decreased to $366,256 as at March 31, 2011, compared to $517,584 as at December 31, 2010. The Company maintains close contact with its channel partners to mitigate risk in the collection of accounts receivable.

Alberta SR&ED Tax Credits

Alberta SR&ED tax credits increased to $152,816 as at March 31, 2011 from $109,301 as the Company recognized tax credits on the R&D performed during Q1, 2011.

Financing Activities

The Company has financed operations, R&D and capital expenditures primarily through the sale of the Company's products and cash on hand.

Income Tax Assets

The Company follows the liability method with respect to accounting for income taxes. Deferred tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities (temporary differences). Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect when these differences are expected to reverse. Deferred income tax assets, if any, are recognized only to the extent that, in the opinion of Management, it is probable that the assets will be realized.

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With the exception of the refundable Alberta SR&ED tax credits, as at March 31, 2011, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Off-Balance Sheet Arrangements

Guarantees
Generally, while it is not the Company's policy to issue guarantees to third parties, Acceleware has entered into certain such agreements as more fully described in Note 12 to the audited financial statements for the year ended December 31, 2010. As of March 31, 2011, the Company believes that it is, at most, a remote possibility that the indemnification provisions described therein would require any material cash payment. As is the case with any business, the Company may be subject to certain regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2010. A discussion of risks affecting the Company and its business is set forth under the Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2010.

Transactions with Related Parties

In the three months ended March 31, 2011, the Company incurred expenses in the amount of $33,330 (2010- $41,242) to a company controlled by an officer of the Company as fees for duties performed in managing operations, and is included in research and development. Of the total, $10,626 was included in accounts payable as at March 31, 2011 (December 31, 2010 - $11,110). These fees occurred in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of management approximates fair value for services rendered.

Four officers of the Company have advanced $134,837 (December 31, 2010 - $94,062) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2011. These amounts are recorded in accounts payable.

During the three months ended March 31, 2011 key management included the Company's directors and members of the executive management team. Compensation awarded to key management included:

		Three months ended March 31, 2011		Three months ended March 31, 2010
Salaries and short-term employee benefits	**$**	**169,674**	$	168,411
Share-based payments		**2,237**		36,460
	$	**171,911**	$	204,871

Critical Accounting Estimates

General
The Management's Discussion and Analysis for the year ended December 31, 2010 outlined critical accounting policies including key estimates and assumptions that management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in management's key estimates and assumptions and the unaudited interim financial statements follow the same accounting policies and methods of application as the most recent annual audited financial statements.

Primary Sources of GAAP that Have Been Issued but Have Not Yet Come Into Effect or Have Not Been Adopted:

IFRS 9 – Financial instruments and measurement
International Financial Reporting Standard 9, Financial Instruments ("IFRS 9"), was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Transition to International Financial Reporting Standards

In February 2008, the AcSB confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011. The interim financial statements for the period ending March 31, 2011 are the Company's first IFRS financial statements and the Company has provided unaudited financial information in accordance with IFRS including comparative figures for the three months ended March 31, 2010.

The conversion project consists of three phases:

Phase	Description	Status
Phase 1 Preliminary Impact Assessment	Phase 1 involves the high-level identification and assessment of the differences between IFRS and Canadian GAAP that will impact the Company.	Phase 1 was completed during the third quarter of 2008

Phase 2 Detailed Evaluation	Phase 2 involves performing a detailed impact assessment of the differences between IFRS and Canadian GAAP, reviewing and approving accounting policy choices, identifying impacts on systems and business processes, preparing position papers for areas of significant judgment, quantifying IFRS conversion adjustments, preparing the opening IFRS statement of financial position and drafting pro-forma IFRS-compliant consolidated financial statements.	IFRS 1 elections have been made as detailed below. The position papers was completed and reviewed by the Company's external auditors during the fourth quarter of 2010. Effect on processes and systems has been evaluated and it has been determined that the Company's current IT infrastructure is capable of handling the changeover. Opening IFRS statement of financial position was completed and audited by the Company's external auditors. The IFRS accounting policies and draft IFRS compliant financial statements were finalized in the first quarter of 2011.
Phase 3 Implementation	Phase 3 involves embedding changes to systems, processes and internal controls, drafting the transitional opening balance sheet and preparing IFRS-compliant consolidated interim and annual consolidated financial statements for the 2011 fiscal year including comparatives.	Phase 3 commenced in the first quarter of 2011 and is on-going.

The Company saw the greatest impact of IFRS adoption within the following areas:

1. First-time adoption of IFRS ("IFRS 1")
   IFRS 1 provides the framework for the first-time adoption of IFRS and outlines that, in general, an entity shall apply the principles under IFRS retrospectively and that adjustments arising on conversion to IFRS shall be directly recognized in retained earnings. However, IFRS 1 also provides a number of optional exemptions from retrospective application of certain IFRS requirements as well as mandatory exceptions which prohibit retrospective application of standards. There are currently 16 elective exemptions and four mandatory exceptions that need to be considered.

   The Company applied the following elective exemption:

Impacted Area	Summary of Exemption Available
Share-based payments	The Company elected not to apply IFRS 2 - Share-Based Payment ("IFRS 2"), to equity instruments granted on or before November 7, 2002 or which vested before the Company's date of transition to IFRS. The Company may also elect not to apply IFRS 2 to liabilities arising from share-based payment transactions which settled before the date of transition to IFRS.

   The Company is not applying an elective exemption that relates to the deemed cost of items of property, plant and equipment ("PP&E"). Under this exemption, the Company may elect to report items of PP&E, in its opening consolidated statement of financial position on the transition date at a deemed cost instead of the actual cost that would be determined under IFRS. The deemed cost of an item may be either its fair value at the date of transition to IFRS or an amount determined by a previous revaluation under Canadian GAAP.

The Company is not electing to apply the IFRS 1 optional exemption whereby the Company may determine whether an arrangement, existing at the date of transition to IFRS, contains a lease on the basis of the facts and circumstances existing at the date of transition.

The remaining elective exemptions have not been applied by the Company.

2. Property, plant and equipment

Canadian GAAP requires the Company to break down its assets into significant components only when practicable. Under IAS 16 - Property, Plant and Equipment, the Company is explicitly required to allocate the amount initially recognized in respect of an item of PP&E to its significant components and depreciate separately each of these components. Where a significant component has a useful life and depreciation method that is the same as the useful life and depreciation method of another significant component of the same item of PP&E, such components may be grouped together in determining the depreciation charge.

The Company has performed an analysis of its PP&E and determined that the useful lives of each significant component of an item of PP&E did not differ materially from the useful lives of other significant components of the same item. Therefore the components requirement of IAS 16 did not have a material impact on the financial statements

3. Impairment of assets

Canadian GAAP impairment testing involves two steps, the first of which compares the asset carrying value with undiscounted future cash flows to determine whether impairment exists. If the carrying value exceeds the amount recoverable on an undiscounted basis, then the cash flows are discounted to calculate the amount of the impairment and the carrying value is written down to estimated fair value.

PP&E and intangibles, including goodwill, are tested for impairment in accordance with IAS 36 Impairment of Assets (“IAS 36”). IAS 36 requires that assets, other than goodwill and indefinite life intangibles, be subjected to an impairment test if there are indicators of impairment. For goodwill and indefinite life intangibles, IAS 36 requires that the Company perform impairment tests on an annual basis.

Under IFRS an asset is impaired when the recoverable amount of that asset is less than the carrying amount. If there is any indication that an asset may be impaired, the recoverable amount should be estimated for individual assets. The recoverable amount is defined as the higher of the fair value less costs to sell and the value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties. The value in use is the present value of the future cash flows (i.e. discounted cash flows) expected to be derived from an asset.

If it is not possible to estimate the recoverable amount for the individual asset other than goodwill, the Company must determine the recoverable amount for the cash-generating unit (“CGU”) to which that asset can be allocated. A CGU is the smallest group of assets that generates cash inflows largely independent of other assets or groups of assets. Management is therefore required to determine the CGUs of the Company.

Impairment will be recognized more frequently under IFRS as Canadian GAAP does not require the discounting of cash flows when assessing the recoverability of an asset’s carrying value. However, IAS 36 does require the reversal of an impairment loss for an asset, other than goodwill, where there is an indication that circumstances have changed and that the impairment loss no longer exists or may have decreased. This is not allowed under Canadian GAAP.

The Company, through an analysis of its operations, has identified the appropriate CGUs. The CGU identified did not have an impact on the Company’s processes and controls.

4. Share-based payment
   IFRS 2 Share-based Payments ("IFRS 2") requires that an estimation of forfeitures must be factored into the calculation of the stock-based option compensation expense. In addition, when the Company makes a share-based payment that vests in installments (often referred to as graded vesting), IFRS 2 requires that the each tranche within the award be treated as a separate award. Compensation cost for each tranche is recognized over its own distinct vesting period. The Company will therefore have to update its stock option calculations in order to meet the requirements of IFRS 2. Furthermore, the adoption of IFRS 2 could impact the systems and processes that the Company has in place to track stock options and related information.

   The Company has assessed the impact of the requirements of IFRS 2 and calculated an adjustment of an increase of $90,921 to contributed surplus and a decrease of the same amount to retained earnings at January 1, 2010. This adjustment has been audited by the Company's external auditors. In addition, the impact of IFRS 2 on the previously reported comparative figures for the three months ended March 31, 2010 and the year ended December 31, 2010 are summarized below:

		Three months ended March 31, 2010		Year ended December 31, 2010
Net loss and comprehensive loss under previous GAAP	$	(432,223)	$	(738,994)
Accounting differences – share based payments		13,244		31,011
Net loss and comprehensive loss under IFRS	$	(418,979)	$	(707,983)

5. Income taxes
   IAS 12 Income Taxes is similar to Canadian GAAP in that the Company has to recognize deferred (future) taxes on temporary differences between the carrying value of assets and liabilities and their tax basis. The adoption of IFRS did not have a significant impact on the Company's tax accounting in the period of adoption.

The impact on information technology and controls over financial reporting and disclosure was not significant.

Financial Instruments and Other Instruments

The Company's only financial instruments are the monetary assets and liabilities appearing on its balance sheet.

Disclosure of Outstanding Share Data

As of the date of this MD&A, Acceleware had the following common shares and options outstanding:

Common Shares	54,534,748
Stock Options	4,006,471

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the audited financial statements for December 31, 2010 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended March 31, 2011**	**Three months ended March 31, 2010**
Salaries	$ 300,650	$ 292,021
Consulting	57,127	69,981
R&D lab supplies	17,728	11,444
Stock-based compensation	1,945	17,395
Rent and overhead allocations	23,427	17,417
Amortization	27,210	40,407
Government assistance	(12,015)	(99,587)
Alberta SR&ED Tax Credits	(43,516)	(42,673)
Total	**$ 372,556**	**$ 306,405**

Sales, General and Administration	**Three months ended March 31, 2011**	**Three months ended March 31, 2010**
Salaries	$ 139,736	$ 271,741
Marketing	5,275	11,693
Travel	7,173	6,092
Share-based payments	2,884	46,563
Rent, supplies and public company fees	92,577	131,349
Amortization	27,210	40,407
Professional fees	40,907	9,780
Total	**$ 315,762**	**$ 517,625**