

ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") unaudited interim condensed financial statements and the accompanying notes for the three months ended March 31, 2018, 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, 2017, which have been prepared in accordance with IFRS. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Ltd.

This MD&A is presented as of May 29, 2018. 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 Company'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 Company believes that the expectations reflected in these 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.

In particular, this MD&A may contain forward-looking statements, pertaining to the following:

- 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 when required;
- projections of sales increases through focus on the oil and gas exploration and development market, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- the expectation of software and services revenue growth in the oil and gas sector;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- the future growth prospects for radio frequency ("RF") heating technology for heavy oil and oil sands based on technical and economic feasibility analyses and testing performed to date;
- the patentability of concepts developed through RF heating research and development ("R&D") efforts;
- advantages to using Acceleware's products and services;
- the demand for new products currently under development at the Company;
- 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 Company 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") and ability to attract new financing, 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 affected 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 the world price of oil will continue to improve over the next 12 to 24 months, and that improvement will result in increased demand for the Company's products and services;
- that the preliminary analyses coupled with lab and field testing that the Company has performed to date regarding the technical and economic feasibility of RF heating technology for heavy oil and oil sands will be confirmed in practise;
- that the RF heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that it will be able to increase sales of its products and services by focusing 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 Company'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.

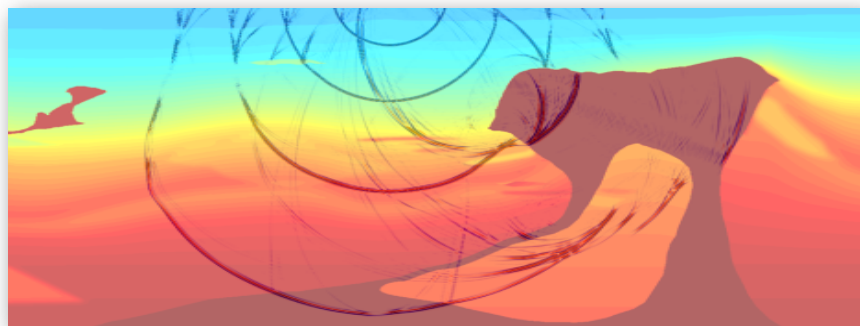
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability 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 Company 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 an oil and gas technology development company, with activities in two segments. Acceleware's primary revenue source involves High Performance Computing ("HPC") software and services primarily for the oil and gas industry. Acceleware provides seismic imaging software that enables oil and gas companies to find hydrocarbons in the most complex geological formations. In addition to off-the-shelf software, Acceleware offers customized scientific software and custom HPC software development services for oil and gas customers. Acceleware also sells solutions selectively outside of the oil and gas sector. In addition to software and services, Acceleware's primary research and development initiative involves developing and commercializing technology to utilize electro-magnetic ("EM") energy in the radio frequency ("RF") spectrum to heat heavy oil and oil sands deposits to facilitate extraction.

Acceleware was founded in 2004 to build software solutions that targeted the graphics processing unit as a compute platform. The first product was an accelerated finite difference time domain ("FDTD") solution for the EM simulation industry. AxFDTD™ continues to be sold to many Fortune 500 companies such as Samsung, LG, Blackberry, Foxconn, Nikon, Renault, Mitsubishi, Merck, Boeing and Lockheed Martin. With AxFDTD, Acceleware was a pioneer in the GPU computing revolution.

Recognizing an opportunity in the similarity between electromagnetic FDTD and certain seismic imaging algorithms, Acceleware entered the seismic imaging market in 2008. The Company's first product was a GPU accelerated Kirchhoff Time Migration solution, followed closely by CPU and GPU enabled Reverse Time Migration ("RTM") library, AxRTM™ in 2009. In 2013, Acceleware introduced AxWave™, a forward modelling variant of AxRTM which allows customers to accurately model seismic acquisition and perform data characterization. In late 2014, Acceleware added AxFWI™ a revolutionary modular full waveform inversion ("FWI") application to its seismic imaging suite. AxFWI allows geophysicists to create high quality subsurface velocity models in dramatically less time than before. Acceleware accesses the oil and gas geoscience software market through a combination of channel and direct sales. The Company provides channel 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. The Company's current seismic ISV partners include Tsunami Development, Paradigm Geophysical, Shearwater GeoServices and GeoTomo LLC.

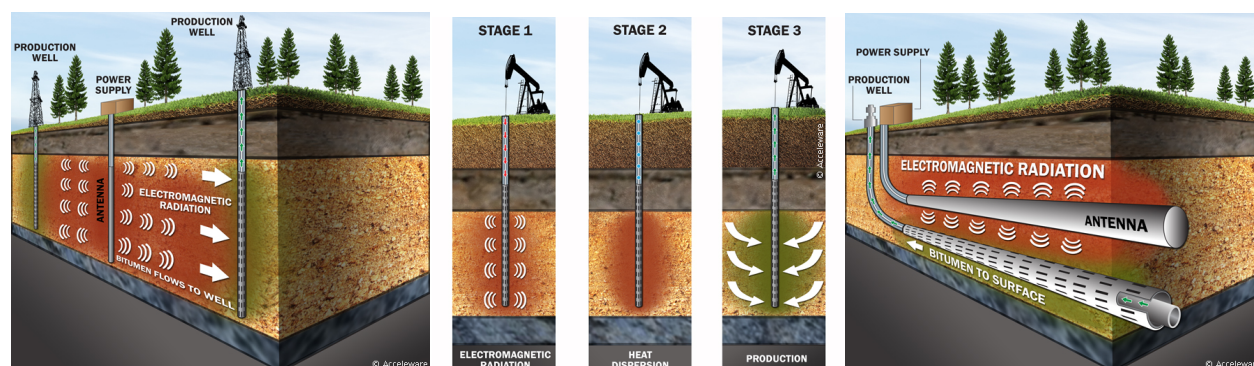


Acceleware provides custom HPC software development, consulting services and training to oil and gas companies such as ExxonMobil, GeoTomo, Saudi Aramco, Rock Solid Imaging, EMGS, Repsol, and Woodside. These companies utilize Acceleware's expertise to improve the performance of their scientific computing software, and increase their in-house development capability. Acceleware's HPC training business has objectives beyond revenue and income growth. The Company uses HPC training services as a marketing tool to promote its software and HPC development services.

In 2010, Acceleware began investigating the technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing seven years Acceleware has filed four patent applications for RF heating technology and has developed leading edge simulation software. Additional patent applications for RF heating are currently underway as the Company expands the portfolio of intellectual property in line with product development. RF heating for oil production is not a new concept, however trials to date have shown limited success. Acceleware believes that the limitations experienced to date can be overcome with new technology. Acceleware's RF heating research and development effort has focused on reducing the capital cost of the technology, making the technology more flexible

for use in a variety of wells, and improving the scalability of the technology to very long horizontal wells commonly used in Alberta's oil sands and elsewhere. The Company believes that RF heating has the potential to reduce capital and operating cost for heavy oil and oil sands extraction, as well as reduce the environmental footprint by dramatically reducing the use of water and limiting the greenhouse gas emissions associated with current extraction techniques. RF heating also has the potential to significantly reduce land use in the oil sands and does not involve the injection of chemicals into the reservoir. Acceleware's unique expertise with RF heating technology has also resulted in service revenue both locally and abroad. The Company has applied for a total of four patents relating to RF heating. Acceleware's RF heating technology broadly falls into two versions. Modular RF is a technology mainly aimed at deeper, vertical wells where efficiencies are gained through the innovative approach to downhole RF power generation. The second version, RF XL targets long horizontal wells common to in-situ oil sands production. In the course of the Company's RF heating development and services business, the Company developed sophisticated simulation software tools based on AxFDTD coupled to third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™ a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production.*

RF heating can be used in a variety of vertical and horizontal well arrangements.

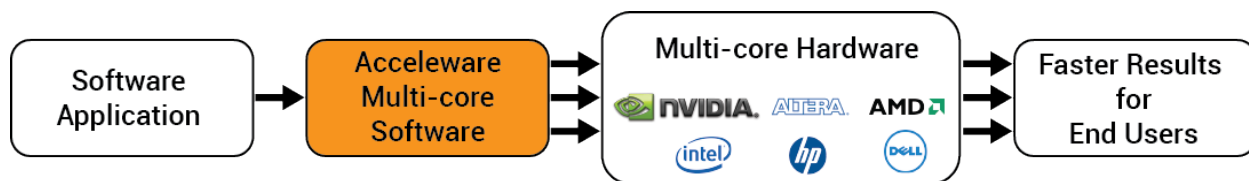


Multiple Vertical – RF flood

Single Vertical – Cyclic RF flood

Horizontal – RF injector

Beyond oil and gas, Acceleware's traditional market has been electromagnetic simulation, and the Company continues to provide software and services to this industry. With AxFDTD, 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 EM 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 end users having to learn new skills or change their work processes.

In the EM market, software developers partner with Acceleware to increase the speed of their software. Some of the Company's current software partners include SPEAG, Synopsys, ZMT Zurich MedTech and Agilent Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales.

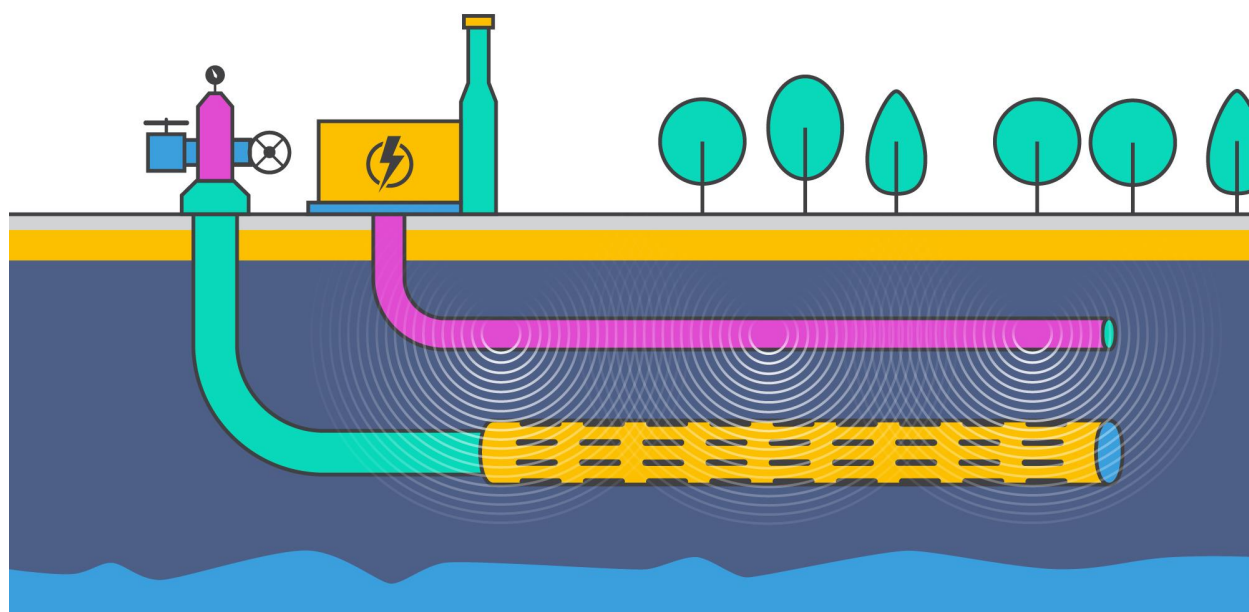
AxFDTD will continue for the traditional markets and is an enabling technology for AxHEAT and the controlled source electromagnetic (“CSEM”) method in the energy market. Increased sales and marketing efforts for these new and competitive technologies will also be a Company priority.

In the EM market and elsewhere, Aceleware provides HPC consulting services including training to strategic customers, under fixed price or hourly contracts. These services and training are offered when there is a strategic opportunity to develop new software solutions or to engage in significant consulting projects.

Aceleware 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. On March 31, 2018, Aceleware had 20 employees including: 2 in administration; 3 in sales, marketing, and product management; and 15 in research and development.

Overall Performance

During the three months ended March 31, 2018 (Q1 2018), Aceleware continued to invest in RF heating research and development (R&D). Activities included preparing additional patent applications, and engineering and design work related to the Company’s planned commercial-scale test of RF XL. Specifically, the Company kicked-off the design of the test RF generator with partner GE, worked on design concepts for drilling and completing the RF XL and production wells, and began design of surface facilities. Aceleware made progress in the selection of, and negotiations with, the most suitable oil sands partner for the commercial-scale test in accordance with the conditions of the \$10 million non-repayable grant awarded to the Company by Sustainable Development Technology Canada (SDTC) and Emissions Reduction Alberta (ERA). The Company’s software and services business faced a challenging oil and gas market, with decreased revenue in all categories compared to the three months ended March 31, 2017 (Q1 2017). Due to the reduced revenue and continued investment in R&D, the Company’s total comprehensive loss was significantly higher in Q1 2018 compared to Q1 2017. Despite the increased loss, cash flow used in operating activities decreased in Q1 2018 compared to Q1 2017 due to decreased investment in working capital.



Schematic of Commercial-Scale Test of RF XL in Oil Sands

During Q1 2018, Acceleware recognized revenue of \$170,259 - 66% lower than the \$498,189 recognized during Q1 2017. The decrease is primarily a result of a 100% decrease in RF heating revenue, and a 43% decline in software and services revenue. Revenue in Q1 2018 also fell 37% compared to the \$271,690 recorded in the three months ended December 31, 2017 (Q4 2017). The decline in revenue compared to the most recent quarter is due to a 36% decrease in software revenue, particularly lower seismic imaging product revenue and lower FDTD maintenance revenue. On a segmented basis, RF heating revenue fell 100% to \$nil in Q1 2018, compared to \$200,000 in Q1 2017 (when the Company sold its field test data) and \$3,953 in Q4 2017. Software and services revenue was 43% lower at \$170,259 in Q1 2018 compared to \$298,189 in Q1 2017, due in large part to decreased seismic imaging product sales, and lower software maintenance revenue. Software and services revenue was 36% lower in Q1 2018 compared to \$267,737 in Q4 2017 due to a decline in seismic product revenue and lower FDTD maintenance revenue.

The Company had total comprehensive loss for Q1 2018 of \$839,377, an increase of 87% compared to a total comprehensive loss of \$448,859 for Q1 2017. The higher total comprehensive loss is a result of lower revenue, higher R&D expense, and higher general and administrative (G&A) expenses, mitigated somewhat by a lower cost of revenue. Total comprehensive loss increased 13% in Q1 2018 to \$839,377 compared to \$745,937 in Q4 2017, due to lower revenue and a gain on derivative instruments recognized in Q4 2017.

On a segmented basis, loss from operations attributed to the RF heating segment was 43% higher in Q1 2018 at \$595,004 compared to \$415,598 in Q1 2017, due to lower revenue. Operating loss for RF heating was 13% lower in Q1 2018 compared to the loss of \$686,377 recorded in Q4 2017 due to lower R&D expenses. Operating loss attributed to software and services increased to \$238,875 in Q1 2018, compared to income of \$13,612 in Q1 2017 due to lower revenue, higher R&D expense and higher G&A expense. Software and services operating loss increased compared to the operating loss of \$108,097 recorded in Q4 2017 due to lower revenue and higher R&D and G&A expenses.

At March 31, 2018, Acceleware had a working capital deficit of \$205,981 (December 31, 2017 – positive \$403,501). However, the Company had \$250,138 (December 31, 2017 - \$781,315) in cash and cash equivalents, and \$208,296 (December 31, 2017 - \$183,373) in combined short-term and long-term debt in the form of finance leases. The decrease in cash (and consequently working capital) is a result of the comprehensive loss incurred in Q1 2018. Subsequent to March 31, 2018, the Company received \$222,443 in cash related to its 2017 Alberta SR&ED tax credit claim. The decrease in working capital other than cash is a result of a decline in trade and other receivables reflecting lower revenue, and increased accounts payable and accrued liabilities.

Within its software and services business, the Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin revenue streams such as software products, consulting services and training; to focus on selected core vertical markets; to minimize operating expenses where possible; and to limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the software and services business, and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. 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 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 product development initiatives, reducing sales, marketing and general and administrative expenses, and seeking outside financing. 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 financial performance and cash flows.*

* 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

Recent Highlights and Events

April 11, 2018 – Acceleware announced that the US Patent and Trademark Office has granted Patent No. 9,938,809 relating to RF heating of heavy oil and oil sands reservoirs. The patent is a key part of Acceleware's growing base of intellectual property and covers the core elements of its Modular RF technology, as well as claims relating to its RF XL technology. Modular RF is targeted for commercial availability in 2022, while RF XL is expected to be available in 2020.

Strategic Update

Oil and Gas focus

Acceleware remains focused on developing and commercializing products for the oil and gas sector. Prior to the dramatic market downturn in 2014, the Company had been experiencing good traction with its geoscience software and services. The proprietary RF heating technology is showing potential as a viable method for heavy oil and oil sands production, coming at a time when the industry is facing significant economic and environmental hurdles. The Company is actively pursuing funding for RF heating development including new equity issuances, applying for various government funding initiatives, and pursuing industry partner funding opportunities. There are signs that the oil and gas sector is improving, bolstered by a higher world price of oil, and evidenced by an increase in exploration and development spending in the first part of 2018.

Given the 50% decrease in revenue in 2016 compared to 2015, and the further 5% reduction in revenue in 2017 compared to the same period in 2016, the outlook for Acceleware's oil and gas technology business remains uncertain. As the Company's customers grapple with the prolonged collapse in the world price of oil, we have seen caution among our customers resulting in delayed and cancelled purchase decisions in 2016 and 2017. For 2018, it remains unclear whether the oil and gas market will continue to rebound. However, recent increases in oil prices and drilling activity are welcome news. As a result of the weakness in oil and gas, the Company has taken steps to promote non-oil and gas related products and services including artificial intelligence ("AI") and machine learning. Acceleware will continue to target short-term revenue outside of oil and gas in 2018.*

Software for Geoscience

In 2017, the Company focused on selling seismic imaging software to the oil and gas exploration market, and this will continue for 2018. The Company continues to develop its latest release of AxRTM with TTI, which the Company believes is a state-of-the-art RTM seismic imaging product. Complimenting AxRTM is AxWave, a finite-difference forward modelling package. These GPU accelerated and CPU optimized seismic 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. During late 2014, the Company derived its first revenue from AxFWI, Acceleware's new modular full waveform inversion software application. Full waveform inversion allows geophysicists to dramatically improve subsurface models with less manual processing. In 2018, the Company is continuing the development of its suite of seismic products, as well as adding features, functionality and performance to AxRTM, AxWave and AxFWI. A key objective for 2018 is to increase the ease of adoption of the software by utilizing cloud-based software as a service model and to develop next-level features such as modelling for attenuation.

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. The Company sells its seismic imaging solutions through four resellers and is actively pursuing other resellers. The Company's key Seismic ISVs are Paradigm Geophysical, Tsunami Development, Shearwater GeoServices, and

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GeoTomo LLC. Acceleware has also seen significant opportunities for sales directly to end-users in this market, particularly when customers seek customized solutions. The Company expects to continue to see significant direct sales going forward much like the earlier-noted agreement with Repsol for a customized RTM software solution.*

Management believes that adding new resellers and increasing the proportion of the resellers' end-users that can be addressed by Acceleware's solutions will drive revenue growth, strengthen Acceleware's competitive position in the oil and gas market, and help to establish market leadership. Management believes that market leadership in oil and gas will result in higher sales penetration over the long-term, as well as improved profitability. The Company will continue to finance operations and its growth strategy primarily through revenues derived from the sale of the Company's products and services, existing cash resources and, if necessary and where possible, by way of further equity financing.*

RF Heating

In 2010, Acceleware began investigating the technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing nine years, Acceleware has filed four patent applications for RF heating technology and has developed leading edge simulation software. Additional patent applications for RF heating are currently underway as the Company expands its portfolio of intellectual property in line with product development. RF heating for oil production is not a new concept, however, trials to date have shown limited success. Acceleware believes that the limitations experienced to date can be overcome with its proprietary technology. Acceleware's RF heating research and development effort has focused on reducing the capital cost of the technology, making the technology more flexible for use in a variety of wells, and improving the scalability of the technology to very long horizontal wells commonly used in Alberta's oil sands and elsewhere. The Company believes that RF heating has the potential to reduce capital and operating cost for heavy oil and oil sands extraction, as well as reduce the environmental footprint by dramatically reducing the use of water and limiting the greenhouse gas emissions associated with current extraction techniques. Acceleware's unique expertise with RF heating technology has also resulted in service revenue both locally and abroad. In the course of the Company's RF heating development and services business, the Company developed sophisticated simulation software tools based on AxFDTD coupled to third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™ a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production.*

In each of the last four years including 2017, the Company received funding from NRC-IRAP to partially finance its RF heating technology development. Acceleware's RF heating R&D program is focused on removing certain known technical limitations preventing the widespread adoption of this technology in enhanced oil recovery. In 2015, the Company conducted successful laboratory testing of critical components of the technology. In 2016, the Company commenced testing in larger scale field experiments, with additional components, to more closely replicate a commercial system, and completed the first phase of those tests in 2017. The Company expects to continue field tests in 2018 with the commencement of a commercial-scale test in an oil sands reservoir. Acceleware has been awarded a \$10 million non-repayable contribution to complete a commercial-scale field test of its RF XL technology. The funding will be provided by Sustainable Development Technology Canada (SDTC) and Emissions Reduction Alberta (ERA) in accordance with their mandates to bring clean technologies to market that are economically viable and reduce GHG emissions. The funding is contingent upon the execution of contribution agreements with both SDTC and ERA and a partnership with an oil sands producer to complete the commercial scale field test. Acceleware is in the process of finalizing a partnership with one or more oil sands producers as required to complete this commercial-scale field test in an oil sands reservoir. In the first three months of 2018, the Company has begun development of key components that will be utilized in the commercial-scale test. Acceleware, with partner GE, has kicked-off the design of the prototype RF generator that will be used in the test, has developed design concepts for drilling and completing RF XL wells, and has begun preliminary engineering of the surface facilities that will be used during the test. Acceleware continues to invest in intellectual property protection and has several new patent applications in development.*

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Electromagnetic software products

While the Company is focusing on oil and gas, it continues to sell and develop its EM FDTD solution. In the EM market, software is sold to end users primarily through ISVs 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. Currently, Acceleware's CAE ISV partners include SPEAG, ZMT Zurich MedTech AG, Agilent Technologies, Synopsis, Inc., and Crosslight Software Inc.

To drive future sales growth, Acceleware will work to add new ISV partnerships. Beyond 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. *

Consulting services

Acceleware continues to see demand for its specialized expertise primarily within its core oil and gas vertical. The Company provides HPC services such as proof of concept, contract development, software code porting, and training to its consulting clients. Where possible, the Company uses services as leverage to increase adoption of its software products within the oil and gas market.

Acceleware's consulting services relate to GPU and CPU HPC projects, and electro-magnetic simulation. Most often, services align well with the Company's core products. In several cases, the Company is developing long-term recurring business from key customers. In 2017 and into 2018, the Company is building a core competence in AI and machine learning to further broaden its skillset. *

In 2017, Acceleware hosted several HPC training classes in both open enrolment format and custom-designed formats for individual organizations and will continue to do so in 2018. *

Going forward, Acceleware will continue to focus on oil and gas, with AxRTM, AxWave, AxFWI, AxHEAT and RF heating as the main strategic revenue and investment technologies. Innovations and improvements to the FDTD solution will continue for the traditional markets and be an enabling technology for AxHEAT and the CSEM method in the energy market. Increased sales and marketing efforts for these new and competitive technologies will also be a Company priority. *

Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, total comprehensive (loss) income before tax and earnings (loss) per share for the eight most recently completed quarters ended March 31, 2018.

* 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.

	2018		2017		2015			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$170,259	\$271,690	\$237,576	\$312,612	\$498,189	\$175,639	\$366,675	\$410,318
Cash (used) generated in operating activities	(543,179)	(336,811)	(721,543)	(99,769)	(862,994)	(837,494)	(256,971)	(119,919)
Total comprehensive (loss) income for the period	(839,377)	(745,937)	(913,738)	(641,197)	(448,859)	(953,737)	(324,722)	(366,532)
(Loss) earnings per share basic and diluted	(\$0.009)	(\$0.008)	(\$0.011)	(\$0.007)	(\$0.005)	(\$0.011)	(\$0.005)	(\$0.006)

In Q1 2018, Acceleware recorded its lowest quarterly revenue in the past two years, an outcome significantly lower than that obtained in the year prior quarter (Q1 2017), and in the immediate past quarter (Q4 2017). The decrease is due to persistent weakness in the oil and gas software and services market. As Acceleware continues to invest in RF heating research and development, a higher total comprehensive loss was recorded in Q1 2018 than in Q1 2017. However, cash used in operating activities decreased significantly in Q1 2018 compared to cash used in Q1 2017.

Results of Operations

Overall Performance

The Company's total comprehensive loss in Q1 2018 was \$839,377, an increase of 87% compared to a total comprehensive loss of \$448,859 in Q1 2017. The higher total comprehensive loss is a result of lower revenue, higher R&D expense, and higher general and administrative (G&A) expenses, mitigated somewhat by a lower cost of revenue. Total comprehensive loss increased 13% in Q1 2018 to \$839,377 compared to \$745,937 in Q4 2017, due to lower revenue and a gain on derivative instruments which was recognized in Q4 2017.

On a segmented basis, the loss from operations attributable to the RF heating segment was 43% higher in Q1 2018 at \$595,004 compared to \$415,598 in Q1 2017, due to lower revenue. Operating loss for RF heating was 13% lower in Q1 2018 compared to the loss of \$686,377 recorded in Q4 2017 due to lower R&D expenses. Operating loss attributable to software and services increased to \$238,875 in Q1 2018, compared to income of \$13,612 in Q1 2017 due to lower revenue, higher R&D expense and higher G&A expense. Software and services operating loss increased compared to the operating loss of \$108,097 recorded in Q4 2017 due to lower revenue and higher R&D and G&A expenses.

Revenue

Revenue	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Product sales	\$ 14,998	\$ 62,151	\$ 77,916	-76%	-81%
Maintenance	117,699	168,070	142,926	-30%	-18%
Consulting	37,562	267,968	50,848	-86%	-26%
	\$ 170,259	\$ 498,189	\$ 271,690	-66%	-37%

During Q1 2018, the Company recognized revenue of \$170,259 representing an 66% decrease over the \$498,189 recognized during Q1 2017, due to lower RF heating (consulting) revenue, and lower seismic software product and maintenance revenue. Revenue fell 37% compared to the \$271,690 recognized in Q4 2017 primarily on lower software (maintenance and product) revenue.

RF Heating Revenue	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Product sales	\$ -	\$ -	\$ -	N/A	N/A
Maintenance	-	-	-	N/A	N/A
Consulting	-	200,000	3,953	-100%	-100%
	\$ -	\$ 200,000	\$ 3,953	-100%	-100%

As noted above, the Company did not recognize any RF heating revenue in Q1 2018, while it recognized \$200,000 in RF heating revenue in Q1 2017 from the sale of data and results from its field test of RF XL technology. In Q4 2017, \$3,953 in RF heating consulting revenue was recognized.

Software and services Revenue	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Product sales	\$ 14,998	\$ 62,151	\$ 77,916	-76%	-81%
Maintenance	117,699	168,070	142,926	-30%	-18%
Consulting	37,562	67,968	46,895	-45%	-20%
	\$ 170,259	\$ 298,189	\$ 267,737	-43%	-36%

Software product sales revenue fell 43% to \$14,998 in Q1 2018 compared to \$62,151 in Q1 2017 due to lower seismic imaging software sales. Product sales decreased 81% to \$14,998 in Q1 2018 compared to \$77,916 in Q4 2017, due to lower AxFTD revenue. Software maintenance revenue declined 30% from \$168,070 in Q1 2017 to \$117,699 in Q1 2018 and was 18% lower than the \$77,916 recorded in Q4 2017, both due to fewer seismic imaging software and AxFTD maintenance customers. Software consulting revenue fell 45% to \$37,562 in Q1 2018 compared to \$67,968 recognized in Q1 2017 due to lower training revenue. Software consulting revenue was 20% lower in Q1 2018 compared to \$46,895 in Q4 2017, on lower custom software development revenue.

Expenses

Expenses	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Cost of revenue	\$ 12,420	\$ 44,404	\$ 59,894	-72%	-79%
General & administrative	547,890	410,307	534,314	34%	3%
Research & development	443,828	445,464	471,957	0%	-6%
	\$ 1,004,138	\$ 900,175	\$ 1,066,165	12%	-6%

Expenses rose 12% during Q1 2018 to \$1,004,138 from \$900,175 in Q1 2017 primarily due to increased G&A expenses. Expenses declined 6% from the \$1,066,165 recorded in Q4 2017 due to lower cost of revenue in the software and services segment, and lower R&D expenses.

RF heating expenses	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Cost of revenue	\$ -	\$ -	\$ -	N/A	N/A
General & administrative	345,624	276,310	357,441	25%	-3%
Research & development	249,380	339,288	332,889	-26%	-25%
	\$ 595,004	\$ 615,598	\$ 690,330	-3%	-14%

Cost of revenue in Q1 2018 fell 72% to \$12,420 from \$44,404 in Q1 2017 and decreased 79% from \$59,894 in Q4 2017. The increase year over year and compared to the most recent completed quarter is a result of the lower direct costs associated with custom software development projects (salaries, contractors, and travel). All cost of revenue was attributable to the software segment.

Software and services expenses	Three months ended Mar 31, 2018	Three months ended Mar 31, 2017	Three months ended Dec 31, 2017	% change Q1 2018 over Q1 2017	% change Q1 2018 over Q4 2017
Cost of revenue	\$ 12,420	\$ 44,404	\$ 59,894	-72%	-79%
General & administrative	202,266	133,997	176,873	51%	14%
Research & development	194,448	106,176	139,067	83%	40%
	\$ 409,134	\$ 284,577	\$ 375,834	44%	9%

For the three months ended March 31, 2018, G&A expenses rose 34% to \$547,890 from \$410,307 recorded in Q1 2017. The increase is as a result of higher expenses for share-based payments for stock options granted in Q1 2018, and higher marketing expenses in the software and services segment. G&A expenses rose 3% in Q1 2018 compared to the \$534,314 recorded in Q4 2017.

For the three months ended March 31, 2018, R&D expenditures were \$443,828 similar to the \$445,464 recognized in Q1 2017. R&D fell 6% in Q1 2018 compared to the \$467,547 recorded in Q4 2017 on lower salary expense devoted to R&D.

Liquidity and Capital Resources

At March 31, 2018, Acceleware had a working capital deficit of \$205,981 (December 31, 2017 – positive \$403,501) however, the Company had \$250,138 (December 31, 2017 - \$781,315) in cash and cash equivalents, and \$208,296 (December 31, 2017 - \$183,373) in combined short-term and long-term debt in the form of finance leases. The decrease in cash (and consequently working capital) is a result of the comprehensive loss incurred in Q1 2018. Subsequent to March 31, 2018 the Company received \$222,443 in cash related to its 2017 Alberta SR&ED tax credit claim. The decrease in working capital other than cash is a result of a decrease in trade and other receivables reflecting decreased revenue, and increased accounts payable and accrued liabilities.

Within its software and services business, the Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin revenue streams such as software products, consulting services and training; to focus on selected core vertical markets; to minimize operating expenses where possible; and to limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the software and services business, and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. 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 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 product development initiatives, reducing sales, marketing and general and administrative expenses, and seeking outside financing. 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 financial performance and cash flows.*

Cash flow used in operations totaled \$543,179 for the three months ended March 31, 2018, compared to cash used of \$862,476 for the three months ended March 31, 2017. The change is a result of decreased investment in working capital, particularly trade and other receivables and accounts payable and accrued liabilities. Cash used in operations before changes in non-cash working capital increased to \$619,755 in Q1 2018 to \$276,476 of cash used in operations in Q1 2017.

As at March 31, 2018, the Company had current liabilities of \$896,775 compared to current liabilities of \$844,359 as at December 31, 2017. The increase in current liabilities is due to higher accrued salary expense and other payroll liabilities, despite lower deferred revenue.

Trade and Other Receivables

Trade and other receivables as at March 31, 2018 fell to \$120,806, compared to \$293,621 as at December 31, 2017. The decrease is a result of lower revenue in Q1 2018 compared to Q4 2017. The Company maintains close contact with its customers to mitigate risk in the collection of receivables.

Alberta SR&ED Tax Credits

The Company has recorded \$286,208 (December 31, 2017 - \$224,771) in receivables as at March 31, 2018. The increase is a result of R&D undertaken in Q1 2018. Subsequent to March 31, 2018, the Company received \$222,443 in cash related to its 2017 Alberta SR&ED tax credit claim.

Investing Activities

For the three months ended March 31, 2018, \$nil was invested in property and equipment compared \$7,180 for the three months ended March 31, 2017.

Financing Activities

During the three months ended March 31, 2018, 356,128 stock options and 50,000 warrants (three months ended March 31, 2018 - 703,335 stock options and 10,000 warrants) were exercised for cash proceeds of \$33,040 (three months ended March 31, 2017 - \$70,867).

Income Tax

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 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 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.

* 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

With the exception of the refundable Alberta SR&ED tax credits, as at December 31, 2017, 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.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2017. A discussion of risks affecting the Company and its business is set forth under the heading Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2017.

Transactions with Related Parties

For the three months ended March 31, 2018, the Company incurred expenses in the amount of \$41,250 (three months ended March 31, 2017 - \$\$39,750) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at March 31, 2018, \$138,457 was included in accounts payable and accrued liabilities (December 31, 2017 - \$162,669). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended March 31, 2018, the Company incurred expenses in the amount of \$3,203 (three months ended March 31, 2017 - \$17,057) with a company controlled by a director of the Company for legal fees, and this amount is included in general and administrative expense. As at March 31, 2018, \$17,643 was included in accounts payable and accrued liabilities (December 31, 2017 - \$14,280). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended March 31, 2018, the Company incurred expenses in the amount of \$3,300 (three months ended March 31, 2017 - \$2,250) with a company controlled by the spouse of an officer of the Company for writing services, and this amount is included in general and administrative expense. As at March 31, 2018, \$nil was included in accounts payable and accrued liabilities (December 31, 2017 - \$nil). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries and short-term employee benefits	\$ 174,203	\$ 180,066
Share-based payments	155,038	62,484
	\$ 329,241	\$ 242,550

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2017 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 except for the adoption of IFRS 15 and IFRS 9, the significant accounting policies used in the preparation of the condensed interim financial statements are unchanged from those disclosed in the Company's financial statements for the year ended December 31, 2017.

New standards and interpretations adopted

IFRS 9, Financial Instruments (“IFRS 9”) replaces IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The classification of financial assets and liabilities is generally based on the business model in which the financial asset or liability is managed and its contractual cash flow characteristics. The Company adopted IFRS 9 effective January 1, 2018. The Company’s financial assets of cash, cash equivalents, and trade and other receivables, as well as the Company’s financial liabilities of accounts payable and accrued liabilities are all classified and measured as amortized cost. The adoption of the new standard had no effect on the carrying amount recognized in the financial statements for any of these items and had a nominal effect on the Company’s disclosure.

The Company has adopted IFRS 15 Revenue from Contracts with Customers with an initial adoption date of January 1, 2018. The Company used the cumulative effect method to adopt the new standard and, therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11 (see note 11 to the unaudited Condensed Interim Financial Statements for the period ended March 31, 2018 for further details).

Recent Accounting Pronouncements Issued and not yet Effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning after January 1, 2018 or later periods. The standards affected are as follows:

On January 13, 2017, the IASB issued a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019. A company assesses whether to apply the requirements in IFRS 16 by identifying whether a contract is (or contains) a lease. IFRS 16 defines a lease and includes application guidance to help companies make this assessment. The definition applies to both parties to a contract, i.e., the customer (‘lessee’) and the supplier (‘lessor’). Most significantly, IFRS 16 changes significantly how a company accounts for leases that were off balance sheet under IAS 17, other than short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture). When applying IFRS 16, in essence for all leases, a company is required to:

- i. recognize lease assets and lease liabilities in the balance sheet, initially measured at the present value of unavoidable future lease payments;
- ii. recognize depreciation of lease assets and interest on lease liabilities in the income statement over the lease term; and
- iii. separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the cash flow statement.

The Company is analyzing the new standard to determine its impact on the Company’s financial statements.

Financial Instruments and Other Instruments

The Company's only financial instruments are the monetary assets and liabilities appearing on its statement of financial position.

Disclosure of Outstanding Share Data

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

Common Shares	97,910,119
Stock Options	9,535,915
Warrants	14,599,949

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 unaudited financial statements for March 31, 2018 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries	\$ 361,996	\$ 372,544
Consulting	49,250	79,438
R&D lab supplies	10,925	90,883
Share-based payments	50,775	26,440
Rent and overhead allocations	21,941	19,434
Amortization	10,378	9,165
Government assistance	—	(107,890)
Alberta SR&ED Tax Credits	(61,437)	(44,550)
Total	\$ 443,828	\$ 445,464

Sales, General and Administration	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries	\$ 185,843	\$ 184,207
Marketing	60,339	23,206
Travel	13,387	5,444
Share-based payments	148,091	61,065
Rent, supplies and public company fees	66,084	66,099
Amortization	10,378	9,165
Professional fees	63,686	61,121
Bad debt expense	82	—
Total	\$ 547,890	\$ 410,307