ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

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 condensed interim financial statements and the accompanying notes for the six months ended June 30, 2024, 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, 2023. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca under Acceleware Ltd.

This MD&A is presented as of August 15, 2024. 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", "believes" 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;
- 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 expectation that RF heating technology can be economically applied to industrial heating and drying applications;
- the patentability of concepts developed through RF heating research and development ("R&D") efforts;
- the expectation that the positive economic and technical analyses and testing to date will be reinforced by future results of subsequent testing of the RF heating technology;
- the successful completion of the pilot of RF heating technology at Marwayne, Alberta (the "RF XL Pilot");
- potential benefits of the Company's software to customers, including cost savings and increases to cash flow and productivity;
- oil and natural gas commodity prices;
- advantages to using Acceleware's products and technology;
- the demand for new products currently under development at the Company;
- ease and efficiency of implementing Acceleware's products; and
- supply and demand for Acceleware's primary software products.

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

- that the future revenue and resulting 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 industry and government environmental interest in reducing greenhouse gas ("GHG") emissions, reducing industrial water use, and minimizing land disturbance remains a priority;
- that the long-term oil and natural gas commodity price trend and its effect on the Company's products, services, and R&D efforts will be manageable;
- that the long-term effect of any sentiment, law or policy regarding future investment in new heavy oil or oil sands projects will be manageable;
- that the 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 future pilot testing and in commercial products;
- that the analyses coupled with lab testing that the Company has performed to date regarding the technical and economic feasibility of RF heating technology for industrial heating and drying applications will be confirmed in future field testing and in commercial products;
- that the Company will maintain all regulatory approvals required to carry out the pilot testing of its RF heating technology at the RF XL Pilot;
- that the Company will be able to source additional financing required to complete the RF XL Pilot;
- that the RF heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that the Company will be able to maintain sales of its software products and services which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, and that the Company's R&D efforts may be unable to develop continuous improvements; and
- that the Company will be able to withstand the impact of increasing competition.

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.

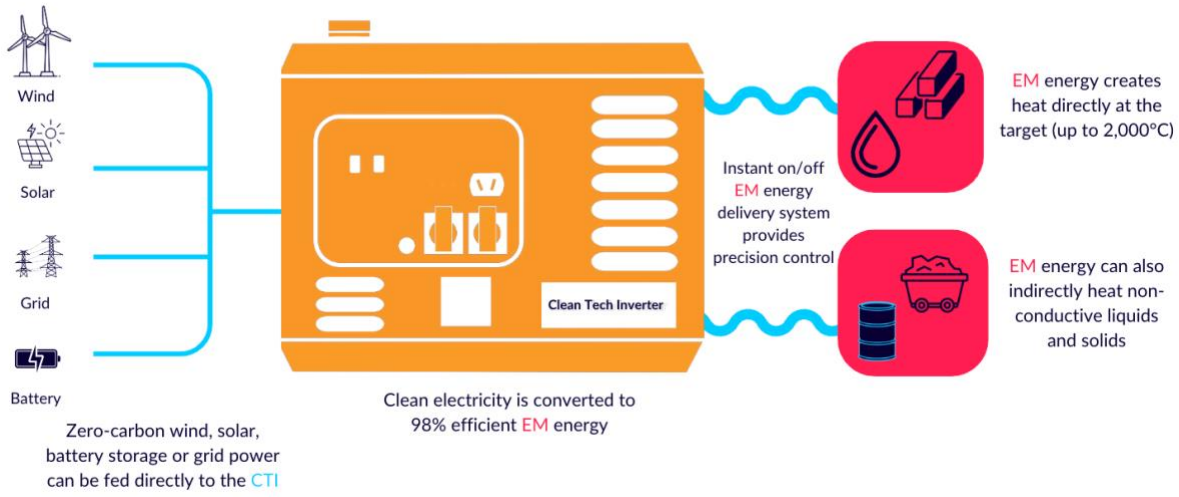
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability 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.

BUSINESS OVERVIEW

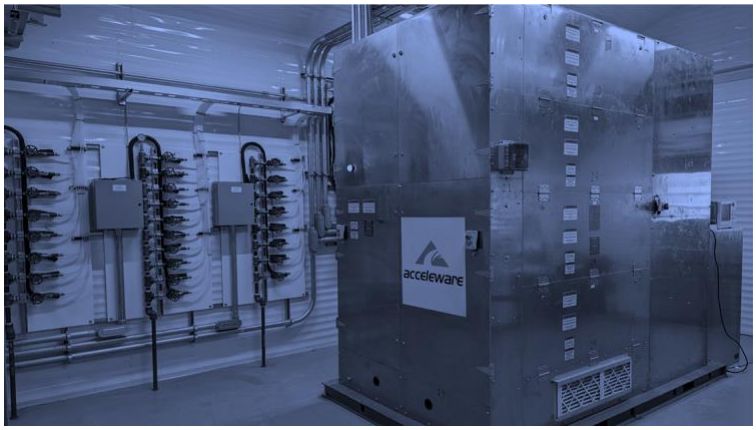
Acceleware is an advanced electromagnetic ("EM") heating company with highly scalable EM solutions for large industrial applications. The Company's solutions provide an opportunity to economically electrify and decarbonize industrial heating processes previously considered difficult to abate and which could have a significant impact on global GHG emissions. The Company is focussed within two business segments:

- **RF Heating**: Advanced EM heating powered by the Company's proprietary Clean Tech Inverter ("CTI") for applications including enhanced oil recovery ("RF XL"), mining and mineral processing, agriculture, and food production, and
- **HPC**: high-performance computing scientific software.

Acceleware's approach to EM heating is called EM Powered Heat - a unique, step-change improvement from outdated methods of fossil-fuel powered, inherently inefficient, heat transfer. EM Powered Heat works by heating the material directly, rather than relying on heat transfer - It is highly scalable, adaptive and far more efficient than combustion or other electric heating methods. EM Powered Heat is made possible through the innovation of the CTI and takes advantage of electromagnetic properties found within all materials to heat them directly, rather than relying on multiple heat transfer paths. This eliminates significant energy losses and unnecessary equipment footprint.



Acceleware's patented CTI heating 'engine' can provide intelligent, reliable, scalable, on-demand, decarbonized heat via EM energy. CTI is extremely efficient, it can be adapted to multiple industrial clean heating applications, and it may be able to displace fossil fuel reliant heating systems that are GHG intensive and costly.



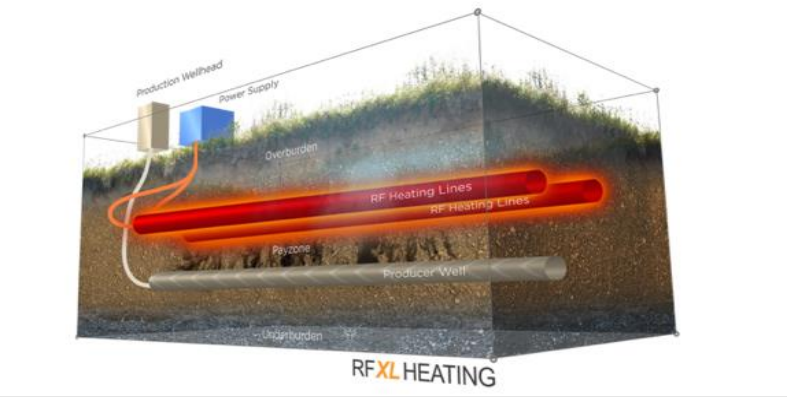
The CTI has been successfully field tested over many months, including over six months of operation at the RF XL Pilot. The CTI uses leading edge silicon carbide ("SiC") transistor technology that results in over 98 percent efficiency converting AC or DC electricity to RF energy. By delivering this energy directly (and with minimal losses) to the material being heated, a CTI-powered EM heating system could reduce energy intensity by up to an estimated 50 percent versus fossil fuel reliant heating.* Acceleware has been granted two patents relating to CTI and multiple additional CTI patents are pending.

RF XL

RF XL is Acceleware's patented RF heating technology designed to improve the extraction of heavy oil and bitumen. RF XL features a cost effective and a more environmentally friendly alternative to other thermal extraction methods such as steam assisted gravity drainage ("SAGD"). When applied, RF XL has the potential to reduce both capital and operating costs, while offering significant potential environmental benefits when compared to other extraction techniques, including:

- immediate potential GHG emission reductions;
- eliminates not only external water use, but also the cost of building and operating steam generation facilities;
- a substantial decrease in land use;
- no requirement for solvents;
- substantial elimination of water treatment facilities; and
- no need for tailings ponds.

Based on modelling, simulation, and field testing conducted to date, the Company believes that electrification through RF XL can provide a clear pathway to low-to-zero GHG emissions associated with the production of heavy oil and oil sands and provide optimal alignment between industry and government to recognize innovation as a meaningful component of the oil and gas industry's overall emission reduction plans.*



RF heating for oil production is not a new concept, as failed trials were conducted in Russia and North America as far back as 1948. Acceleware believes that these early failures were a result of technology limitations imposed by adapting radio communications technology for RF heating. Acceleware believes these limitations can be overcome with an entirely new approach to RF heating technology. Acceleware began investigating the use of RF energy for in-situ heating of heavy oil and bitumen in 2010. Since then, Acceleware has vigorously pursued the development of RF heating technology, securing the intellectual property with patents where appropriate. The Company's RF XL R&D efforts have focused on reducing the capital cost of the technology, increasing its efficiency (and therefore reducing its operating cost), and improving its scalability to very long horizontal wells commonly used in Alberta, Latin America, Africa, Asia, the Middle East and elsewhere. Acceleware's unique expertise with RF heating technology has resulted in feasibility study revenue and software revenue both locally and abroad.

*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.

EM Powered Heat - Drying of Mineral Ores

In 2023, Acceleware began working with the International Minerals Innovation Institute ("IMII") to validate the use of EM energy from the CTI to dry potash ore and other minerals. IMII is a non-profit organization jointly funded by industry and government that is committed to developing and implementing innovative education, training, research and development partnerships for supporting a world-class minerals industry. IMII's minerals industry members include BHP, Cameco Corporation, Fission Uranium Corp., The Mosaic Company and Nutrien Ltd.

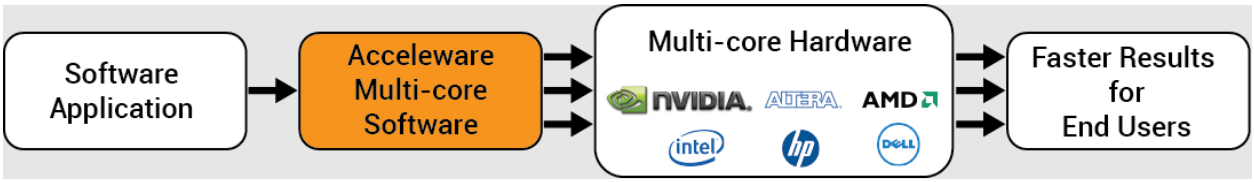
The Company has completed construction and testing of a 100 kilogram per hour potash ore drying system. The findings were presented to IMII in July, 2024. As of this MD&A, a proposal for Phase 3 has been presented to IMII and is currently under review. Phase 3 of the project would include the design, construction and testing of a larger shop-scale demonstration dryer.

CTI Decarbonization of Other Industrial Heating Applications

The Company has R&D projects underway with partners to quantify the benefits of using CTI-produced RF energy: in "turquoise" hydrogen production (whereby hydrogen is produced from the pyrolysis of natural gas and carbon is sequestered in solid form); in food and agricultural product drying; and in steel and cement. Other applications in drying and industrial heating are being explored.

High Performance Computing

Acceleware's traditional HPC market has centered around EM simulation software, and the Company continues to provide products to this industry. Its first software commercialized was an accelerated finite difference time domain ("FDTD") solution for the EM simulation industry. AxFDTD™ has been used by many Fortune 500 companies such as GE, Apple, Samsung, LG, Blackberry, Foxconn, Nikon, Renault, Mitsubishi, Merck, Boeing and Lockheed Martin, many of which continue to use the software today. With AxFDTD, Acceleware was a pioneer in the graphics processing unit ("GPU") computing revolution as most of the major mobile phone manufacturers in the world are using Acceleware's EM design solutions which facilitate more rapid design of their products. Acceleware's fourth-generation software acceleration solutions, which support multi-board GPU systems, can accelerate entire industrial simulation and processing applications by more than 35 times.



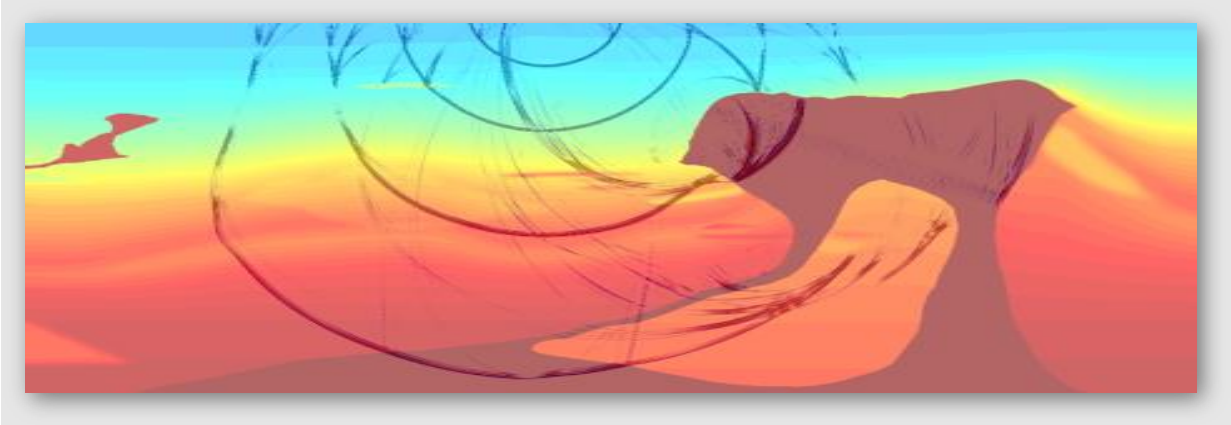
The EM solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing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

In the EM market, software developers choose to partner with Acceleware to increase the speed of their software. Such partners currently include SPEAG, ZMT Zurich MedTech and Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales. Investment in AxFDTD continues for traditional markets because it is an enabling technology for AxHEAT.

Acceleware recognized the similarity between EM FDTD and certain seismic imaging algorithms, which led the Company to enter the seismic imaging market in 2008. The Company's first product was a GPU accelerated Kirchhoff Time Migration solution, followed closely by AxRTM™ in 2009, a central processing unit ("CPU") and GPU enabled Reverse Time Migration ("RTM") library.

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. In 2019, Acceleware began accessing the oil and gas geoscience software market with innovative licensing structures through a direct sales model that targets oil and gas exploration companies and seismic service providers.



Seismic forward modelling in complex subsurface geology using AxWave

In February 2004, Acceleware was founded by a group of graduate students and professors from the University of Calgary's Electrical Engineering department for the purpose of building software solutions that targeted the GPU as a compute platform. Since 2006, Acceleware's common shares have been listed on the TSX Venture Exchange (symbol: AXE). Acceleware is headquartered in Calgary, Alberta.

On June 30, 2024, Acceleware had 15 employees and long-term contractors, including three in administration; two in sales, marketing and product management; and ten in R&D and engineering.

For further information about the Company, please visit **www.acceleware.com.**

OPERATING SUMMARY

The RF XL Pilot is intended to demonstrate RF XL in an operational environment. In the opinion of the Company's management, once the RF XL Pilot is complete, RF XL will have achieved Technology Readiness Level 8, which is the final level before early adoption and commercialization[1]. RF XL is the first application of the Company's patent-protected CTI. Beyond oil production, Acceleware believes RF Heating and the CTI can economically decarbonize many industrial heating verticals through electrification. Immediate application of electrification in industrial heating is critical in the clean energy transition. Functionality of the CTI has already been proven through scaled field tests conducted in 2019 and 2020, and over six months of operation at the RF XL Pilot. CTI may be able to facilitate an economic decarbonization strategy for many processes, applications, and organizations. Acceleware has established, or is engaged in discussions to establish, initiatives to develop CTI powered prototypes for applications in industries such as mining and mineral processing, food and agricultural drying, and hydrogen and other clean fuels production.

Based on positive results to date, Acceleware remains confident that RF XL will become viable as a critical technology in the effort to decarbonize heavy oil and oil sands production. The Company's operations team continued data analysis, "history-matching" simulations and other analyses of operational data from 2022 that provides strong evidence that the operation of the RF XL Pilot resulted in sustained RF heating of the formation around the heating well prior to a pause in operations for maintenance and inspection. In particular, the Company successfully injected RF power into the heating well for over 200 days — a significant milestone and something that has never been achieved before. Also of note is that the CTI successfully operated for seven consecutive months at a variety of power levels and operating conditions during this time.

[1] Technology Readiness Levels are defined by the Government of Canada, Science and Innovation TRL Assessment Tool

In the six months ended June 30, 2024 , the Company continued to work closely with industry partners to progress next steps in the RF XL Pilot. An output of this work is the determination that the most practical path forward involves a redeployment of all subsurface components incorporating the multiple improvements and upgrades that Acceleware has made to the RF XL downhole system. Acceleware is actively sourcing an additional $5 million of funding to complete the redeployment. The Company has been successful in securing partial non-dilutive funding for the redeployment, contingent on receiving the remainder of the $5 million. The Company has identified several potential industry and government funders and is in the process of contacting and discussing the project with them. The primary outreach message is that the redeployment is expected to enable higher power to be distributed in the reservoir for a sustained period in a second phase of heating. More details on the RF XL Pilot are discussed below.

Highlights in quarter include:

- On April 11, 2024, Acceleware announced that it had been awarded Phase 2 of a potash ore drying project by the International Minerals Innovation Institute ("IMII"). This Phase was structured to advance Phase 1 work and further validate the use of radio frequency energy from Acceleware's CTI for drying potash ore and other minerals. By the end of Q2 2024, Phase 2 was successfully completed, including the construction and testing of a lab-scale prototype potash dryer. The findings were presented to IMII in July 2024. A proposal for Phase 3 has been presented to IMII and is currently under review. Phase 3 of the project would include the design, construction and testing of a larger shop-scale demonstration dryer. IMII, a non-profit organization jointly funded by industry and government, is committed to developing and implementing innovative education, training, research and development partnerships to support a world-class minerals industry. IMII's minerals industry members include BHP, Cameco Corporation, Fission Uranium Corp., The Mosaic Company and Nutrien Ltd.
- Acceleware continued to invest in developing and protecting new intellectual property with the number of patents issued, allowed, applied for, or in development growing to a total of 62.

The Company has 26 patents granted or allowed to protect various proprietary technologies related to Acceleware's intellectual property, and 36 patent applications pending or under development. The Company uses an integrated strategy for IP protection involving a combination of patenting and trade secrets, working closely with the patent offices and intellectual property advisors.

Acceleware also continues to focus on driving external awareness of the Company and on positioning the RF Heating business as "EM Powered Heat" while promoting it as an industrial process heat solution more prominently within both the oil and gas and clean-tech communities. Acceleware revamped its company website to reflect the augmentation of its "EM Powered Heat" industrial process heat portfolio, in addition to focusing on furthering RF XL deployment in oil and gas. The Company has been featured in 2024 updates by the International Minerals Innovations Institute and in the 2024 edition of Potash Works Magazine (page 40), and in the past, in news stories by the Business News Network, Power Play by The Market Herald, Energi Media, and CBC (television, radio, and online).

Social media updates on our business are made several times weekly. A collection of videos, including two new videos as of June 2024, are available for viewing here: Acceleware Video Posts. An example of a Linked-In post can be viewed here and a socials video post here. Acceleware presented at The Decarbonization Theatre at the Global Energy Show on June 12, 2024. Chief Executive Officer, Geoff Clark, spoke on a panel at an Acceleware and Clean Resource Innovation Network (CRIN) hosted 'Lunch and Learn' event focused on RF XL on June 23, 2024. Mr. Clark also attended the TSX Canadian Climate Investor Conference in Toronto on June 25, 2024.

RF XL Pilot Update

Consistent with the last update, Acceleware plans to continue a second phase of heating after a significant subsurface upgrade plan to address the moisture ingress issue. All RF XL subsurface components will be removed, refurbished, or upgraded, and then redeployed. This plan was developed in consultation with industry partners and service providers and among the alternatives examined, it is expected to have the highest probability of achieving higher power injected into the reservoir for a sustained period. An additional $5 million of funding is required to complete the redeployment, and Acceleware is actively working to raise these funds. Acceleware has secured partial

funding for the redeployment conditional on securing the balance of the funds from industry partners or other sources. The final timing and cost of the redeployment and subsequent heating remains primarily dependent on financing, partner investment, and the successful deployment of repairs and components. Upgrades have been specifically designed to eliminate the moisture ingress issue. In addition, measures will be taken to add resilience to the system to ensure long-term operation if moisture does return. Upgrades will also be made to augment success of the CTI function, including providing more accurate monitoring of broadband voltage, current and power.*

Total direct funding committed for the first phase of the RF XL Pilot is now $24.4 million and included $5.9 million from Alberta Innovates, $5.5 million from Sustainable Development Technology Canada ("SDTC"), $5.0 million from Emissions Reduction Alberta ("ERA"), $3.0 million from CRIN and $5.0 million in aggregate from three consortium members. See discussion below in Financial Summary. The Company has received $23.8 million to the end of June 30, 2024. There is $0.6 million remaining as committed but not yet received from ERA and CRIN. In exchange for funding, the three consortium members of the RF XL Pilot received exclusive access to detailed technical data and test results, prioritized rights to host a subsequent test, preferred pricing on pre-commercial products and preferred access to RF XL products. These three consortium members are three major oil sands producers and represent well over one million barrels of oil sands and heavy oil production per day.

FINANCIAL SUMMARY

Overall spending in the three months ended June 30, 2024 ("Q2 2024") remained conservative as the Company continued to explore financing alternatives for the next phase of the RF XL Pilot, await payment of holdbacks from the government for RF XL Pilot grants, and await approval from IMII for the next phase of the potash drying project.

RF XL Pilot expenses as at June 30, 2024 have not increased and remain at approximately $29.0 million (December 31, 2023 - $28.5 million). The remaining cash committed but not yet received from ERA and CRIN including holdbacks receivable was $0.6 million as at June 30, 2024 (December 31, 2023 – $1.2 million from ERA and CRIN) and amounts committed but not yet received or receivable from three major oil-sands producers were $nil as at June 30, 2024 (December 31, 2023 – $1.4 million). In Q2 2024 the Company completed all milestones under a Project Funding Agreement with one oil-sands producer and as such recognized $1,950,000 revenue related to that performance obligation (three months ended June 30, 2023 - $nil). Subsequent to June 30, 2024, a Test Data Purchase Agreement with a second oil-sands producer was terminated and as such the Company will recognize $950,000 revenue in the third quarter of 2024. The remaining revenue of $1,950,000 from the third oil-sands producer will be recognized when all milestones have been met, or the contract is terminated, whichever is earlier.

QUARTER IN REVIEW

Revenue of $2.0 million was generated in the three months ended June 30, 2024 compared to $0.1 million in the three months ended June 30, 2023 ("Q2 2023") and $0.04 million in the previous quarter ended March 31, 2024 ("Q1 2024"). Revenue in Q2 2024 included $1.95 million in revenue related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments.

Total comprehensive income for Q2 2024 was $1.3 million compared to a comprehensive loss of $1.1 million for Q2 2023 and a comprehensive loss of $1.0 million for Q1 2024. Comprehensive income in Q2 2024 was high due to revenue related to the RF XL Pilot and receipt of government assistance from CRIN relating to costs incurred from July 1, 2023 to December 31, 2023. Finance expenses in Q2 2024 were higher than Q2 2023 because of interest expense on notes payable which are funding the Company's working capital. Comprehensive income or loss in all periods was impacted by changes in value of the derivative financial instruments embedded within the convertible debenture. The changes in derivative value are driven primarily by the fluctuation in the Company's share price.

Gross R&D expenses incurred in Q2 2024 were $0.7 million compared to $0.6 million in Q2 2023 and $0.5 million in Q1 2024. R&D spending was higher in Q2 2024 compared to Q2 2023 and Q1 2024 due to increased spending related to development of the IMII dryer for potash ore. R&D activity in Q2 2024 was related to lab engineering, designing

* 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.

and testing, data analysis, and partner consultations. There was $0.6 million government assistance received in Q2 2024 and $nil in Q2 2023 and $nil in Q1 2024. The Company received the first CRIN payment of $2.1 million in Q4 2023 and a second and third payment from CRIN totalling $0.6 million in Q2 2024. The Government of Alberta's Innovation Employment Grant ("IEG") to support research and development was effective January 1, 2021 and provides a grant of up to 20% of eligible R&D expenses incurred in Alberta. This new grant effectively replaced Alberta's 10% scientific research and experimental development refundable tax credit that was eliminated as at December 31, 2019. The Company met the eligibility criteria, claimed eligible R&D expenditures and received $0.4 million in the three months ended March 31, 2023 related to 2021 eligible expenditures and received $0.1 million in the three months ended September 30, 2023 related to 2022 eligible expenditures. Subsequent to June 30, 2024, the Company received $0.3 million related to 2023 eligible expenditures. Government assistance offsets gross R&D costs.

G&A expenses incurred in Q2 2024 were $0.4 million compared to $0.5 million in Q2 2023 and $0.5 million in Q1 2024. There were lower non-cash payroll related costs incurred in Q2 2024 due to the timing of option grants and lower salaries as the Company continues to prioritize cost control given uncertain economic conditions.

YEAR TO DATE IN REVIEW

Revenue of $2.1 million was generated in the six months ended June 30, 2024 compared to $0.2 million for the six months ended June 30, 2023. Revenue for the six months ended June 30, 2024 included $1.95 million in revenue related to the RF XL Pilot and amounts for software and maintenance revenue for HPC. Revenue was higher compared to 2023 due to revenue related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments.

Total comprehensive income for the six months ended June 30, 2024 was $0.3 million compared to comprehensive loss of $1.4 million for the six months ended June 30, 2023 due to higher revenue as noted above and higher government assistance. There are fluctuations in both periods related to changes in fair value of the derivative financial instruments embedded in the convertible debentures.

Gross R&D expenses for the six months ended June 30, 2024 were $1.2 million compared to $1.4 million incurred during the six months ended June 30, 2023 due to higher R&D activity in the first half of 2023 related to the final steps of the RF XL Pilot workover. Federal and provincial government assistance of $0.6 million was recognized in the six months ended June 30, 2024 compared to $0.4 million for the six months ended June 30, 2023 as the RF XL Pilot nears completion.

G&A expenses incurred during the six months ended June 30, 2024 were $0.9 million compared to $0.9 million for the six months ended June 30, 2023. The Company continues to prioritize cost management.

As at June 30, 2024, Acceleware had negative working capital of $2.5 million (December 31, 2023 – negative working capital of $2.0 million) including cash and cash equivalents of $0.2 million (December 31, 2023 – $1.0 million). The increase in negative working capital is attributable to the timing of receipt and recognition of government and partner funding and related R&D spending. Increasing the deficit is deferred revenue of $3.0 million as at June 30, 2024 (December 31, 2023 – $4,350,000). Despite receiving non-refundable cash payments for these amounts, the milestone payments have not met all requirements for revenue recognition under IFRS 15 Revenue from Contracts with Customers. These amounts will be recognized as revenue and increase shareholders' equity when RF XL Pilot heating is complete or the data contracts are terminated, whichever is earlier.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Company continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash

flow from the HPC business, project funding agreements, government assistance and external financing, when available.*

STRATEGIC UPDATE

In 2024, Acceleware will focus on completing the commercialization of RF XL including the RF XL Pilot, while pursuing EM Powered Heat (EM heating via CTI) applications to decarbonize industrial heating across a wide range of heavy emitting industries. Development work has begun in the mining sector for the drying of potash ore and other minerals. The Company has identified a range of other drying and heating processes in mining, agriculture, and other industries that would be well suited to EM Powered Heat. Acceleware has a proven track record for successful development and commercialization of revolutionary technologies.

The Company believes that its RF XL technology presents significant potential environmental and economic benefits for the oil industry and that EM Powered Heat offers a similar set of benefits to a range of sectors currently reliant on fossil fuel combustion to generate heat. Acceleware has been able to continue to fund the development of RF XL through non-refundable government funding and industry contributions, supplemented by financing activities such as private placements of convertible debentures and equity units. However, public market investor sentiment in general, and towards the oil and gas industry in particular may affect the Company's ability to raise additional funding for the final stages of the RF XL Pilot. A further delay in the testing program may result in additional costs and a delay in technology commercialization. To mitigate these risks, the Company plans to prioritize the RF Heating segment by concentrating capital allocation and resource deployment to it and maintain its cost containment efforts. Development of new EM Powered Heat applications will be supported by a combination of grant funding, client revenues, and external investment targeted specifically on these projects.

RF XL

The focus for RF XL for 2024 is to complete the RF XL Pilot redeployment plan and demonstrate significant RF power injection into the reservoir, showing the positive effect of RF XL on heavy oil production. As more history and experience with the RF XL Pilot is generated, the Company will work to secure additional demonstration sites for RF XL.

In 2010, Acceleware began investigating technology that would use RF energy for in-situ heating of heavy oil and bitumen. In each of the four years immediately prior to 2017, the Company received funding from NRC-IRAP to partially finance its RF heating technology development. In 2018, the Company began preparing for the RF XL Pilot, including plans to use two megawatts of electricity with an 800m horizontal well.

Since 2017, Acceleware has been awarded grants totaling $19.4 million, including a $5.5 million non-repayable contribution from SDTC, a $5 million non-repayable contribution from ERA, a $5.9 million non-repayable contribution from Alberta Innovates and a $3 million non-repayable contribution from CRIN. Acceleware has raised a further $6 million for its RF XL Pilot from three major oil sands producers, payable upon completion of milestones. The Company continues to pursue partnerships with oil sands and heavy oil producers to not only provide additional financial and technical support for this commercial-scale field test but to also pave the way for continued commercialization after the completion of the RF XL Pilot.

Acceleware, with partner GE, completed the design, manufacturing, and factory testing of the prototype CTI which is the electronic platform for RF XL. In late 2019, the prototype CTI was field tested at the Company's simulated "ditch" reservoir in Alberta with record-level results and has now been deployed in the RF XL Pilot. Acceleware retains all intellectual property rights to the CTI design.

In early 2020, Acceleware received approval from its core funders for the partnership with Broadview to host the RF XL Pilot on its site near Marwayne, Alberta. In October 2020, the Company received approval from the AER of its Experimental Recovery Scheme Application under the Oil Sands Conservation Act for the RF XL Pilot, and in

* 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.

December 2020 received approval for its application under the Environmental Protection and Enhancement Act. Upon receipt of these regulatory approvals, Acceleware commenced RF XL Pilot activity in earnest in 2021 and completed the drilling and completions program before the end of 2021. Facilities were installed beginning in late 2021 and completed in Q1 2022. Heating operations commenced in early March 2022, with oil production commencing in early April 2022.The RF XL Pilot continued heating for six months and was paused for maintenance in October 2022.

Based on extensive consultation with industry partners and service providers in late 2023, Acceleware now plans to continue a second phase of heating after a significant subsurface upgrade plan to address the moisture ingress issue. Subsurface components will be removed, refurbished, or upgraded, and then redeployed. Among the alternatives examined, this plan is expected to have the highest probability of achieving higher power injected into the reservoir for a sustained period. An additional $5 million of funding is required to complete the redeployment, and Acceleware is actively working to raise these funds. The final timing and cost of the redeployment and subsequent heating remains primarily dependent on financing, partner investment, and the successful deployment of repairs and components. Upgrades have been specifically designed to eliminate the moisture ingress issue. In addition, measures will be taken to add resilience to the system to ensure long-term operation if moisture does return. Upgrades will also be made to augment success of the CTI function, including providing more accurate monitoring of broadband voltage, current and power.[*]

EM Powered Heat Applications via the CTI

In addition to the RF XL application of the CTI, Acceleware sees significant potential to apply this technology to decarbonize a wide range of heavy emitting industrial heating applications including product drying applications such as the potash drying project with IMII mentioned above. Initial focus markets for Acceleware will include mining, hydrogen, agriculture, and food. While Acceleware intends to pursue a direct sales model augmented with distribution partners where appropriate for the RF XL solution in the heavy oil and oil sands sector, the Company may pursue partnerships and licensing agreements to drive sales of CTI units across these new vertical markets.

HPC

Acceleware will continue to focus on the energy and electronics design markets, with AxFDTD as the primary strategic revenue-generator and investment. Innovations and improvements to AxFDTD will continue for the electronics design market and will extend its utility as an enabling technology for AxHEAT in the RF heating markets.

While the Company is focusing on energy markets, it continues to develop and sell its EM FDTD solution to end users primarily through independent software vendors ("ISV") that have integrated Acceleware's solution into their software architecture. Acceleware has worked with some of the world's largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. Acceleware's key ISV partners include SPEAG, ZMT Zurich MedTech AG, Keysight Technologies, Synopsis, Inc., and Crosslight Software Inc.

[*] 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.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, cash generated (used) in operating activities, total comprehensive income(loss) and income/(loss) per share for the eight most recently completed quarters ended June 30, 2024.

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	2,012,047	$43,594	$43,590	$62,467	$69,407	$103,547	$73,056	$53,282
Cash generated (used) in operating activities	131,585	(675,863)	$620,647	(734,824)	(963,794)	(344,062)	(613,464)	(216,211)
Total comprehensive income/(loss) for the period	1,263,914	(969,971)	$617,748	(1,272,006)	(1,135,498)	(255,617)	(1,345,913)	(1,000,346)
Income (loss) per share basic and diluted	0.01	($0.01)	$0.01	($0.01)	($0.01)	($0.00)	($0.01)	($0.01)

Revenue was recognized in Q2 2024 for previously received non-refundable payments related to one contract supporting the RF XL Pilot. The timing of receipt of government funding and spending levels for the RF XL Pilot throughout all eight quarters contributed to the fluctuations in cash flows from operating activities and total comprehensive income/(loss) and income/(loss) per share.

RESULTS OF OPERATIONS – THREE MONTHS ENDED JUNE 30, 2024

Revenue	**Three months ended June 30, 2024**	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
Software	**$ 26,513**	$ 10,045	$ 13,041	164%	103%
Maintenance	**35,534**	35,552	30,553	0%	16%
Services	**1,950,000**	23,810	-	8090%	N/A
	$ 2,012,047	$ 69,407	$ 43,594	2799%	4515%

Revenue was $2,012,047 in Q2 2024, significantly higher compared to $69,407 in Q2 2023 and $43,594 in Q1 2024 due to revenue that was recognized in Q2 2024 for previously received non-refundable payments related to one contract supporting the RF XL Pilot.

RF Heating Revenue	**Three months ended June 30, 2024**	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
Maintenance	$ -	$ 1,500	$ -	N/A	0%
Services	1,950,000	23,810	-	8,090%	N/A
	$ 1,950,000	$ 25,310	$ -	7,604%	N/A

RF Heating revenue was $1,950,000 in Q2 2024 compared to $25,310 in Q2 2023 and $nil in Q1 2024. Included in services revenue in Q2 2024 is revenue related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments. Since 2018, the Company has been successful selling data agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the RF XL Pilot. Under *IFRS 15 Revenue from Contracts with Customers*, these contracts do not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. As at June 30, 2024, deferred revenue of $3,040,870 (December 31,

2023 - $4,350,000) has been recorded under these contracts for amounts that have been received in cash, and will be recognized as revenue once heating is complete or the contracts are terminated, whichever is earlier.

HPC Revenue	**Three months ended June 30, 2024**	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
Software	**$ 26,513**	$ 10,045	$ 13,041	164%	103%
Maintenance	**35,534**	34,052	30,553	4%	16%
	$ 62,047	$ 44,097	$ 43,594	41%	42%

HPC revenue was $62,047 in Q2 2024 compared to $44,097 in Q2 2023 and $43,594 in Q1 2024. Revenue was 41% higher in Q2 2024 compared to Q2 2023 and 42% higher relative to Q1 2024 due to fluctuating demand for the Company's HPC software from existing customers.

Expenses	**Three months ended June 30, 2024**	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
General & administrative	**$ 418,061**	$ 529,487	$ 452,482	-21%	-8%
Research & development	**140,205**	637,633	501,115	-78%	-72%
	$ 558,266	$ 1,167,120	$ 953,597	-52%	-41%

Expenses were $558,266 in Q2 2024 compared to $1,167,120 in Q2 2023 and $953,597 in Q1 2024. There was $577,763 government assistance recognized in Q2 2024 compared with $nil recognized in Q2 2023 and $nil in Q1 2024. Government assistance recognized in Q2 2024 was received from CRIN and related to eligible costs incurred in the period July 1, 2023 to December 31, 2023. As the funding was awarded and received in Q2 2024, after the costs were incurred, it was not recognized in any earlier period. Gross R&D expenses were higher in Q2 2024 compared to both Q2 2023 and Q1 2024 due to spending related to development of an RF dryer for potash. G&A expenses were lower in Q2 2024 compared to Q2 2023 due to cost management measures implemented in Q3 2023 and changes non-cash payroll related costs related to share based compensation for the timing of option grants.

RF Heating Expenses	**Three months ended June 30, 2024**	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
General & administrative	**$ 372,976**	$ 464,861	$ 398,789	-20%	-6%
Research & development	**140,205**	637,633	501,115	-78%	-72%
	$ 513,181	**$** 1,102,494	**$** 899,904	-53%	-43%

RF Heating expenses were $513,181 in Q2 2024 compared to $1,102,494 in Q2 2023 and $899,904 in Q1 2024. Government assistance was $577,763 in Q2 2024 compared to $nil in Q2 2023 and $nil in Q1 2024 and fluctuated due to the reasons noted above. Gross R&D expenses incurred in the RF XL Pilot were higher in Q2 2024 compared to Q2 2023 and Q1 2024 due to increased spending related to development of the IMII dryer for potash ore. G&A expenses were lower compared to Q2 2023 due to cost management measures implemented in Q3 2023 and changes in non-cash payroll related costs for share based compensation.

HPC Expenses	Three months ended June 30, 2024	Three months ended June 30, 2023	Three months ended March 31, 2024	% change Q2 2024 over Q2 2023	% change Q2 2024 over Q1 2024
General & administrative	**$ 45,085**	$ 64,626	$ 53,693	-30%	16%

HPC expenses were $45,085 in Q2 2024 compared to $64,626 in Q2 2023 and $53,693 in Q1 2024. G&A expenses in the HPC segment were lower in Q2 2024 compared to Q2 2023 and Q1 2024 due to cost management measures implemented in Q3 2023.

RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2024

Revenue	Six months ended June 30, 2024	Six months ended June 30, 2023	% change 2024 over 2023
Software	**$ 39,554**	$ 29,225	35%
Maintenance	**66,087**	72,419	-9%
Services	**1,950,000**	71,310	2635%
	$ 2,055,641	$ 172,954	1089%

The Company recognized revenue of $2,055,641 in the six months ended June 30, 2024, a significant increase over $172,954 recognized for the six months ended June 30, 2023 for previously received non-refundable payments related to one contract supporting the RF XL Pilot.

RF Heating Revenue	Six months ended June 30, 2024	Six months ended June 30, 2023	% change 2024 over 2023
Maintenance	-	6,000	N/A
Services	**1,950,000**	71,310	2635%
	$ 1,950,000	$ 77,310	2422%

RF Heating revenue was $1,950,000 in Q2 2024, significantly higher compared to $77,310 for the six months ended June 30, 2023. Services revenue in Q2 2024 is related to the RF XL Pilot as all milestones were completed under contract for one oil-sands producer triggering revenue recognition of previously received milestone payments. Since 2018, the Company has been successful selling data agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the RF XL Pilot.

HPC Revenue	Six months ended June 30, 2024	Six months ended June 30, 2023	% change 2024 over 2023
Software	**$ 39,554**	$ 29,225	35%
Maintenance	**66,087**	66,419	0%
	$ 105,641	$ 95,644	10%

HPC revenue was $105,641 in the six months ended June 30, 2024, an increase of 10% compared to $95,644 in the six months ended June 30, 2023 due to fluctuating demand for the Company's high performance computing software and fewer maintenance contracts renewals.

Expenses	**Six months ended June 30, 2024**	Six months ended June 30, 2023	% change 2024 over 2023
General & administrative	**870,543**	852,426	2%
Research & development	**641,320**	955,978	-33%
	$ 1,511,863	$ 1,808,404	-16%

Expenses were $1,511,863 in the six months ended June 30, 2024, a decrease of 16% compared to $1,808,404 in the six months ended June 30, 2023 due to higher government assistance and lower gross R&D expenses. R&D expenses in 2024 were 33% lower than in 2023 as spending in 2024 on development of a potash dryer was lower than workover costs on the RF XL Pilot in 2023. G&A expenses were 2% higher in 2024 due to higher legal and professional costs for patent activity.

RF Heating Expenses	**Six months ended June 30, 2024**	Six months ended June 30, 2023	% change 2024 over 2023
General & administrative	**771,765**	755,039	2%
Research & development	**641,320**	955,978	-33%
	$ 1,413,085	$ 1,711,017	-17%

RF Heating expenses were $1,413,085 in the six months ended June 30, 2024, a decrease of 17% compared to $1,711,017 in the six months ended June 30, 2023 due to higher government assistance and, as noted above, decreased activity on the RF XL Pilot. G&A expenses in Q2 2024 increased from Q2 2023 due to higher legal and professional costs for patent activity.

HPC Expenses	**Six months ended June 30, 2024**	Six months ended June 30, 2023	% change 2023 over 2022
General & administrative	**$ 98,778**	$ 97,387	1%

HPC expenses were $98,778 in the six months ended June 30, 2024, an increase of 1% compared to $97,387 in the six months ended June 30, 2023.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2024, Acceleware had negative working capital of $2,460,058 (December 31, 2023 – negative working capital of $1,985,372) including $249,312 in cash and cash equivalents (December 31, 2023 - $951,569) and $927,696 in short-term notes payable (December 31, 2023 - $944,010). As of June 30, 2024, Acceleware also had $2,215,000 in long-term 10%, semi-annual interest, convertible debentures outstanding, the principal amount of which is owing four years from the date of issue or approximately Q1 2026. Fluctuations in non-cash working capital were attributable to the timing of receipt and recognition of government and partner funding and related R&D spending. Cash and cash equivalents decreased in Q1 2024 due to timing of payments of trade payables. Increasing the deficit is deferred revenue of $3,040,870 as at June 30, 2024 (December 31, 2022 – $4,350,000). Despite receiving non-refundable cash payments for these amounts, the milestone payments have not met all requirements for revenue recognition under IFRS 15 Revenue from Contracts with Customers. These amounts will be recognized as revenue and increase shareholders' equity when RF XL Pilot heating is complete or the contracts are terminated, whichever is earlier. The first $1,950,000 revenue related to these contracts was recognized in Q2 2024.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Company continues to develop CTI and the RF XL technology, new R&D investments will be financed through a combination of internal

cash flow from the HPC business, project funding agreements, government assistance, industry partners and external financing, when available. 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, the Company's 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 G&A expenses; and seeking outside financing. The failure of the Company to achieve one or all the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Cash flows provided by operations totaled $131,585 for the three months ended June 30, 2024 compared to cash flows used in operations of $963,794 for the three months ended June 30, 2023. Cash provided by operations before changes in non-cash working capital was $1,592,886 for Q2 2024 compared to cash used in operations before changes in non-cash working capital of $890,545 in Q2 2023. The changes for both comparisons are due to the timing of revenue recognition on contracts related to the RF XL Pilot, receipt of government assistance and payment of trade and other payables.

On March 24, 2022, the Company closed its first non-brokered private placement of 10% unsecured convertible debentures due 2026 for gross proceeds of $1,500,000. On April 5, 2022, the Company closed its second non-brokered private placement on terms, similar to the first, for gross proceeds of $715,000. For both offerings, each debenture matures four years after the issue date and is convertible into units of the Company at a conversion price of $0.80. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share, at an exercise price equal to 200% of the conversion price of the debentures for a 24-month period following the issuance of the debentures. Net proceeds from the offering were used to fund the further development and testing of the Company's RF heating technology and for general corporate purposes.

On November 10, 2022, the Company closed a private placement of Units. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to acquire one common share at an exercise price of $0.36, for a period ending on November 10, 2024. In the event the common shares trade at a closing price at or greater than $0.81 per common share for a period of thirty consecutive trading days, Acceleware may accelerate the expiry date by giving notice and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. Pursuant to the private placement, the Company distributed a total of 6,666,667 Units at a price of $0.27 per Unit, for total gross proceeds of $1,800,000. The proceeds were used to fund a portion of the RF XL Pilot and for general corporate purposes.

On August 21, 2023, the Company closed a private placement of Units. Each Unit consists of one common share and one common share purchase warrant. Each Warrant entitles the holder to acquire one common share at an exercise price of $0.30, for a period ending on August 21, 2025. In the event the common shares trade at a closing price at or greater than $0.69 per common share for a period of thirty consecutive trading days, Acceleware may accelerate the expiry date by giving notice and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. Pursuant to the private placement, the Company distributed a total of 1,949,036 Units at a price of $0.23 per Unit, for total gross proceeds of $448,278. The proceeds were used to fund a portion of the RF XL Pilot and for general corporate purposes.

The Company continues to prioritize payments to vendors and works collaboratively with each one to ensure payments are timely or payment plans are established to result in the best outcome for both parties.

* 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

Trade and Other Receivables
Trade and other receivables as at June 30, 2024 was $276,079 compared to $280,618 as at December 31, 2023. The Company maintains close contact with its customers to mitigate risk in the collection of receivables and a large portion of the receivables is due from provincial and federal government bodies related to a contract for government assistance, and therefore is deemed lower risk.

Current Liabilities
As at June 30, 2024, the Company had current liabilities of $3,022,178 compared to current liabilities of $3,241,329 as at December 31, 2023. The change in current liabilities is due to a decrease in trade payables and notes payable. Included in accounts payable and accrued liabilities as at June 30, 2024 is $1,307,513 of deferred compensation for amounts owing to management (December 31, 2023 – $1,159,808).

Non-current Liabilities
As at June 30, 2024, the Company had non-current liabilities of $4,965,634 compared to $6,249,373 as at December 31, 2023. The change is mainly due recognition of $1,950,000 of deferred revenue.

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 the Company's management, it is probable that the assets will be realized.

As at June 30, 2024, 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.

The Government of Alberta's Innovation Employment Grant ("IEG") to support research and development was effective January 1, 2021 and provides a grant of up to 20% of eligible R&D expenses incurred in Alberta. This new grant effectively replaced Alberta's 10% scientific research and experimental development refundable tax credit that was eliminated as at December 31, 2019. The Company met the eligibility criteria, claimed eligible R&D expenditures and received $434,023 in the three months ended March 31, 2023 related to 2021 eligible expenditures and $119,785 in the three months ended September 30, 2023 related to 2022 eligible expenditures. Subsequent to June 30, 2024, the Company received $305,467 related to 2023 eligible expenditures.

RISKS FACTORS AND UNCERTAINTIES
Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Company. There have been no material changes in any risks or uncertainties facing the Company since December 31, 2023. 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 year ended December 31, 2023.

TRANSACTIONS WITH RELATED PARTIES
For the three months ended June 30, 2024, the Company incurred expenses in the amount of $45,938 (three months ended June 30, 2023 - $46,703) and $91,875 for the six months end June 30, 2024 (six months ended June 30, 2023 – $92,641) with a company controlled by an officer and director of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at June 30, 2024, $305,464 was included in accounts payable and accrued liabilities (December 31, 2023 - $273,308). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the three months ended June 30, 2024, the Company incurred expenses in the amount of $8,580 (three months ended June 30, 2023 - $nil) and $14,580 for the six months ended June 30, 2024 (six months ended June 30, 2023 - $nil) with a close family member of an officer and director of the Company for communications and other services, and this amount is included in general and administrative expense. As at June 30, 2024, $2,575 was included in

accounts payable and accrued liabilities (December 31, 2023 - $1,700). These fees were incurred in the normal course of operations and represent fair value for services rendered.

For the three months ended June 30, 2024, the Company incurred expenses in the amount of $36,000 (three months ended June 30, 2023 - $36,000) and $72,000 for the six months ended June 30, 2024 (six months ended June 30, 2023 - $72,000) with a company controlled by the spouse of an officer of the company for marketing, communications, management and strategy development and this amount is included in general and administrative expense. As at June 30, 2024, $92,973 was included in accounts payable and accrued liabilities (December 31, 2023 - $80,373). These fees were incurred in the normal course of operations and represent fair value for services rendered.

During the three months ended June 30, 2024, the Company had notes payable outstanding of $312,978 bearing interest at an annual effective rate of 15% repayable within six months of issuance to officers and directors of the Company in the normal course of operations (December 31, 2023 - $340,000, annual effective interest rate of 20%). These notes payable were issued in the normal course of operations and represent fair value.

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

	Three months ended June 30, 2024	Three months ended June 30, 2023	**Six months ended June 30, 2024**	Six months ended June 30, 2023
Salaries and short-term employee benefits	**$ 213,477**	$ 211,737	**$ 430,937**	$ 429,877
Share-based expenses	**80,934**	130,000	**192,260**	156,901
	$ 294,411	$ 341,737	**$ 623,197**	$ 586,778

CRITICAL ACCOUNTING ESTIMATES

The Management's Discussion and Analysis for the year ended December 31, 2023 outlined critical accounting estimates and significant accounting policies including key estimates and assumptions that Management has made under these estimates and policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in methodologies or assumptions for key estimates or changes in significant accounting policies used in the preparation of the condensed interim financial statements from those disclosed in the Company's financial statements for the year ended December 31, 2023.

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	118,438,543
Stock Options	11,318,932
Warrants	8,615,703

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 the year ended December 31, 2023 that are available on www.sedarplus.ca and as noted below.

Research and Development	**Three Months Ended June 30, 2024**	Three Months Ended June 30, 2023
Salaries	**$ 437,591**	$ 287,625
Consulting	**91,397**	84,143
R&D supplies and materials	**115,220**	211,879
Share-based payments	**56,725**	35,408
Depreciation	**3,550**	5,093
Rent and overhead Allocation	**13,485**	13,485
Non-refundable government assistance	**(577,763)**	-
Total	**$ 140,205**	$ 637,633

General and Administration	**Three Months Ended June 30, 2024**	Three Months Ended June 30, 2023
Salaries	**$ 73,701**	$ 117,106
Professional Fees	**90,601**	88,998
Share Based Payments	**75,276**	169,688
Rent, Office and Public Company Fees	**121,348**	105,942
Marketing	**51,874**	42,660
Depreciation	**3,550**	5,093
Travel	**1,711**	-
Total	**$ 418,061**	$ 529,487