ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 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 three months ended March 31, 2024 ("Q1 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 May 22, 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 in the MD&A for the year ended December 31, 2023 and elsewhere in this MD&A.

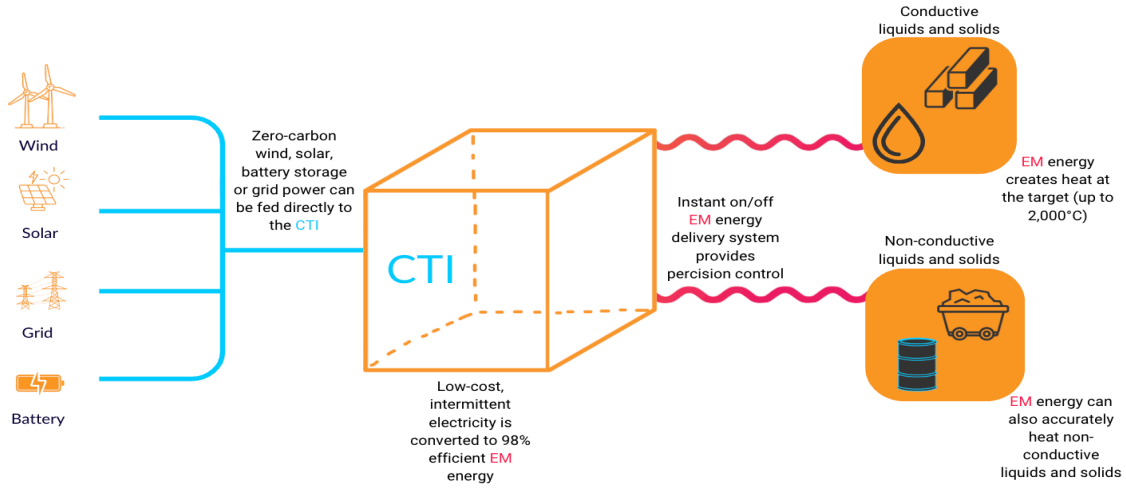
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability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

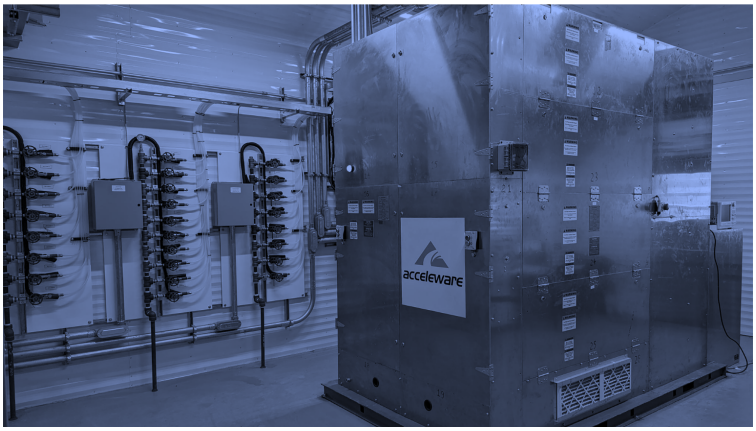
Acceleware is an advanced electromagnetic ("EM") heating company with highly scalable EM solutions for large industrial applications. The Company's solutions provide an opportunity to economically electrify and decarbonize industrial heating processes previously considered difficult to abate and which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

- **RF Heating**: Advanced EM heating using RF energy generated 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 - it is a unique, a 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 - eliminating significant energy losses and unnecessary equipment footprint.



Acceleware's patented CTI heating 'engine' can provide intelligent, reliable, scalable, on-demand, decarbonized heat via RF 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.



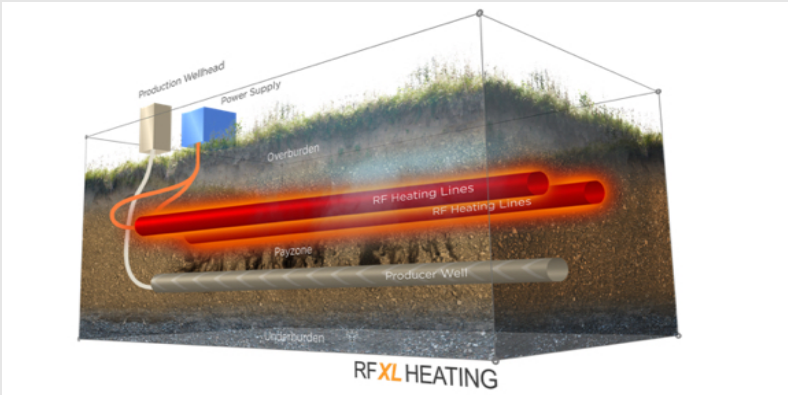
The CTI has been successfully field tested over many months, including over six months of operation at the RF XL Pilot. The CTI uses leading edge silicon carbide ("SiC") transistor technology that results in over 98 percent efficiency converting AC or DC electricity to RF energy. By delivering this energy directly (and with minimal losses) to the material being heated, a CTI-powered RF 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 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 environmental benefits when compared to other extraction techniques, including:

- immediate GHG emission reductions;
- the elimination of external water use;
- a substantial decrease in land use;
- no requirement for solvents;
- substantial elimination of water treatment facilities; and
- no need for tailings ponds.

The Company believes that electrification through RF XL can provide a clear pathway to low-to-zero GHG 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 developed 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 Drying of Mineral Ores

In 2023, Acceleware began working with the International Minerals Innovation Institute ("IMII") to validate the use of RF 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.

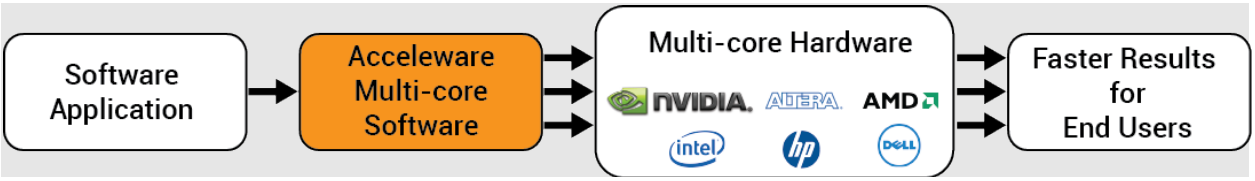
The Company is currently constructing and testing a 100 kilogram per hour potash ore drying system, which if successful, would lead to a larger prototype being developed and tested.

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.

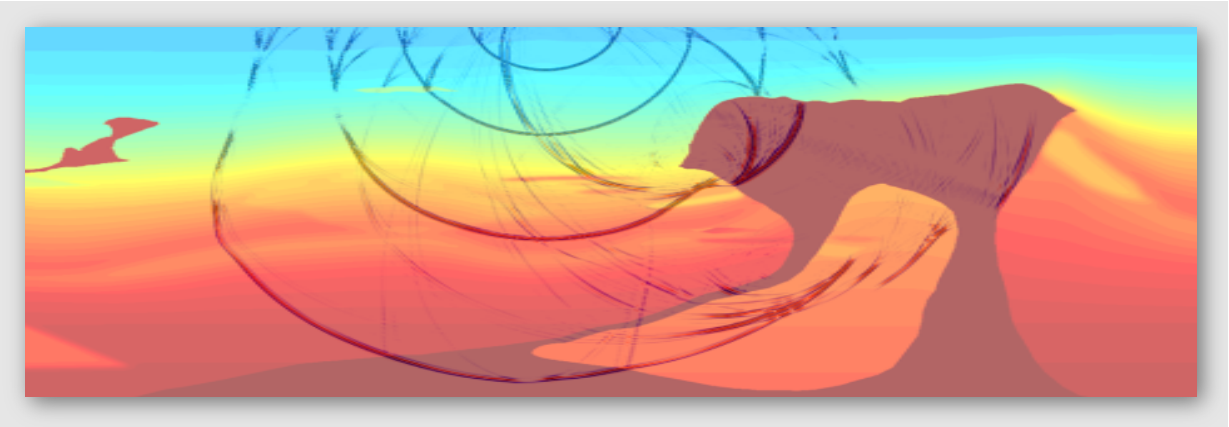
In the EM market, software developers choose to partner with Acceleware to increase the speed of their software. Such partners currently include SPEAG, ZMT Zurich MedTech and Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales. Investment 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 March 31, 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 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. When combined with existing heating systems, CTI may be able to facilitate an economic decarbonization strategy for many organizations. Acceleware has established, or is engaged in discussions to establish, initiatives to develop CTI prototypes for applications in industries such as mining and mineral processing, food and agricultural drying, and hydrogen and other clean fuels production.

Based on observations, 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 provide 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.

In the three months ended March 31, 2024 ("Q1 2024"), the Company continued to work closely with industry partners to progress next steps in the RF XL Pilot. The most practical path forward involves a redeployment of all subsurface components incorporating the multiple improvements and upgrades that Acceleware has made to the

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

RF XL downhole system. Acceleware is actively sourcing an additional $5 million of funding to complete the redeployment. 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.

Recent highlights include:

- On April 11, 2024 Acceleware announced that is has been awarded Phase 2 of a potash ore drying project by the International Minerals Innovation Institute ("IMII"). The new project phase will advance Phase 1 work and is intended to further validate the use of radio frequency energy from Acceleware's CTI to dry potash ore and other minerals. Phase 2 work will include the construction and testing of a lab-scale prototype dryer, and on a stage gate basis, the design, construction and testing of larger shop-scale prototype. 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.
- Acceleware continued to invest in developing and protecting new intellectual property with the total number of patents issued, allowed, applied for, or in development growing to a total of 61.

The Company has 25 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 and the CTI more prominently within both the oil and gas and clean-tech communities. The Company has been featured in several news stories by Business News Network, The Power Play by The Market Herald, Energi Media, and CBC (television, radio, and online) and most recently in the 2024 edition of Potash Works Magazine (page 40).

Several blog posts and videos have been released via social media which feature discussions on the RF heating technology by Acceleware's engineering team. The collection of videos is available for viewing here: Acceleware Video Posts, and an example of a Q1 2024 social media video post can be viewed here. Acceleware Chief Executive Officer, Geoff Clark, presented at the Clean Resource Innovation Network (CRIN) Project Cafe in February 2024. Mike Tourigny, Acceleware's Chief Operations Officer, attended the Prospectors & Developers Association of Canada (PDAC) mining conference in Toronto in March 2024. Acceleware presented an RF XL update at the Society of Petroleum Engineers and Canadian Heavy Oil Association's 'Slugging It Out' on April 16, 2024. Acceleware is co-hosting an RF XL focussed discussion with the Clean Resource Innovation Network (CRIN) on May 23, 2024, and will also be presenting at The Global Energy Show Decarbonization theatre in the Decarbonization Zone at the Global Energy Show, June 12, 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. 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 to the RF XL Pilot as at March 31, 2024 was $25.4 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 up to $6.0 million from three consortium members. The Company has received $22.8 million to the end of March 31, 2024 and, as such, has $2.6 million remaining in committed but not yet received funding. The three consortium members of the RF XL Pilot each committed up to $2.0 million in financial support and technical expertise, payable upon completion of certain milestones. In exchange for this funding, Acceleware has provided 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 Q1 2024 was conservative as the Company explored financing alternatives for the next phase of the RF XL Pilot, wrapped up reporting for the government grants received for the RF XL Pilot and secured a contract with IMII for the next phase of the potash drying project. Subsequent to Q1 2024, Acceleware received final approvals from IMII to begin construction of a bench scale potash ore drying prototype.

RF XL Pilot expenses as at March 31, 2024 were 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 $1.2 million as at March 31, 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 $1.4 million as at March 31, 2024 (December 31, 2023 – $1.4 million).

QUARTER AND YEAR TO DATE IN REVIEW

Revenue of $0.04 million was generated in the three months ended March 31, 2024 compared to $0.1 million in the three months ended March 31, 2023 ("Q1 2023") and $0.04 million in the previous quarter ended December 31, 2023 ("Q4 2023"). Revenue in Q1 2024 included software and maintenance revenue. Revenue was lower in Q1 2024 and Q4 2023 due the variability in revenue earned in the RF Heating segment for technology evaluation services in applying CTI to industrial heating. While interest has increased in EM Powered Heat and the CTI (see IMII project discussed above), there was no revenue recognised in Q1 2024 or Q4 2023.

Total comprehensive loss for Q1 2024 was $1.0 million compared to a comprehensive loss of $0.3 million for Q1 2023 and a comprehensive income of $0.6 million for Q4 2023. Comprehensive income in Q4 2023 was due to the receipt of government assistance from CRIN relating to costs incurred from January 1, 2022 to June 30, 2023. Offsetting lower spending in Q1 2024 and Q4 2023 were higher interest costs related to notes payable funding the Company's working capital. Comprehensive income/(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 fluctuations in the Company's share price.

Gross R&D expenses incurred in Q1 2024 were $0.5 million compared to $0.8 million in Q1 2023 and $.07 million in Q4 2023. R&D spending was lower in Q1 2024 and Q4 2023 compared to Q1 2023 due to a change in the nature of RF XL Pilot activities. Most R&D activity in Q1 2024 was related to lab engineering, designing and testing, data analysis, and partner consultations. There was no government assistance received in Q1 2024 compared to $0.4 million in Q1 2023 and $2.1 million in Q4 2023, the latter constituting the first CRIN payment. Meanwhile, 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

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received $0.4 million in Q1 2023 related to 2021 eligible expenditures and $0.1 million in Q3 2023 related to 2022 eligible expenditures and $nil in Q4 2023. As at March 31, 2024 there was $nil million government assistance receivable however a claim for 2023 expenditures is in process. Government assistance offsets gross R&D costs.

G&A expenses incurred in Q1 2024 were $0.5 million compared to $0.3 million in Q1 2023 and $0.6 million in Q4 2023. There were higher non-cash payroll related costs incurred in Q1 2024 and Q4 2023 due to the timing of option grants, higher professional fees and lower salaries as the Company continues to prioritize cost control given uncertain economic conditions.

STRATEGIC UPDATE

In 2024, Acceleware will focus on completing the commercialization of RF XL including the RF XL Pilot, while pursuing EM Powered Heat (RF 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 resources 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 totalling $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 to 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 their 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 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.

In late 2023, after extensive consultation with industry partners and service providers, Acceleware decided that it would undertake a second phase of heating after implementing 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 March 31, 2024.

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$43,594	$43,590	$62,467	$69,407	$103,547	$73,056	$53,282	$119,548
Cash generated (used) in operating activities	(675,863)	$620,647	(734,824)	(963,794)	(344,062)	(613,464)	(216,211)	(2,351,313)
Total comprehensive income/(loss) for the period	(969,971)	$617,748	(1,272,006)	(1,135,498)	(255,617)	(1,345,913)	(1,000,346)	(891,033)
Income (loss) per share basic and diluted	($0.01)	$0.01	($0.01)	($0.01)	($0.00)	($0.01)	($0.01)	($0.01)

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 MARCH 31, 2024

Revenue	**Three months ended March 31, 2024**	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
Software	**$ 13,041**	$ 19,180	$ 21,381	-32%	-39%
Maintenance	**30,553**	36,867	22,209	-17%	38%
Services	-	47,500	-	N/A	0%
	$ 43,594	$ 103,547	$ 43,590	-58%	0%

Revenue was $43,594 in Q1 2024, 58% lower compared to $103,547 in Q1 2023 and unchanged compared to $43,590 in Q4 2023. The fluctuations were driven mainly by lower revenue for services in the RF Heating segment.

RF Heating Revenue	**Three months ended March 31, 2024**	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
Maintenance	$ -	$ 4,500	$ -	N/A	0%
Services	-	47,500	-	N/A	0%
	$ -	$ 52,000	$ -	N/A	0%

RF Heating revenue was $nil in Q1 2024 compared to $52,000 in Q1 2023 and $nil in Q4 2023. Revenue was $nil due to lower services revenue for RF simulation and technology evaluation studies for customers interested in applying CTI for their industrial heating needs. Although services revenue was lower in Q1 2024 and Q4 2023 compared to Q1 2023, industry interest has remained strong for applications of CTI in industries such as mining, hydrogen and agricultural drying. Subsequent to Q1 2024, Acceleware received final approval to begin phase 2 of a potash ore drying project.

HPC Revenue	**Three months ended March 31, 2024**	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
Software	**$ 13,041**	$ 19,180	$ 21,381	-32%	-39%
Maintenance	**30,553**	32,367	22,209	-6%	38%
	$ 43,594	$ 51,547	$ 43,590	-15%	0%

HPC revenue was $43,594 in Q1 2024 compared to $51,547 in Q1 2023 and $43,590 in Q4 2023. Revenue was 15% lower in Q1 2024 compared to Q1 2023 and similar to Q4 2023 due to fluctuating demand for the Company's HPC software from existing customers.

Expenses	**Three months ended March 31, 2024**	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
General & administrative	**$ 452,482**	$ 322,939	$ 579,049	40%	-22%
Research & development	**501,115**	318,345	(1,379,997)	57%	N/A
	$ 953,597	$ 641,284	$ (800,948)	49%	N/A

Expenses were 953,597 in Q1 2024, 49% higher compared to $641,284 in Q1 2023 and significantly higher compared to ($800,947) in Q4 2023. Gross R&D expenses were lower in Q1 2024 compared to both Q1 2023 and Q4 2023 due to lower on-site activity on the RF XL Pilot. There was $nil government assistance recognized in Q1 2024 compared with $434,023 recognized in Q1 2023 and $2,064,434 in Q4 2023. Government assistance recognized in Q4 2023 was received from CRIN and related to eligible costs incurred in the period January 1, 2022 to June 30, 2023. As the funding was awarded and received in Q4 2023, after the costs were incurred, it was not recognized in any earlier period. G&A expenses were higher in Q1 2024 compared to Q1 2023 due to higher non-cash payroll related costs related to share based compensation for the timing of option grants and lower compared to Q1 2023 due to cost management measures implemented in Q3 2023.

RF Heating Expenses	**Three months ended March 31, 2024**	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
General & administrative	**$ 398,789**	$ 290,179	$ 518,730	37%	-23%
Research & development	**501,115**	318,345	(1,379,997)	57%	N/A
	$ 899,904	**$** 608,524	**$** (861,267)	48%	N/A

RF Heating expenses were 899,904 in Q1 2024, 48% higher compared to $608,524 in Q1 2023 and significantly higher compared to ($861,267) in Q4 2023. Government assistance was $nil in Q1 2024 compared to $434,023 in Q1 2023 and $2,064,434 in Q4 2023 and fluctuated due to the reasons noted above. Gross R&D expenses incurred in the RF XL Pilot were lower in Q1 2024 compared to Q1 2023 and Q4 2023 due to lower on-site activity at the RF XL Pilot. G&A expenses were higher compared to Q1 2023 due to higher non-cash payroll related costs for share based compensation driven by the timing of options grants and lower compared to Q1 2023 due to cost management measures implemented in Q3 2023.

HPC Expenses	Three months ended March 31, 2024	Three months ended March 31, 2023	Three months ended December 31, 2023	% change Q1 2024 over Q1 2023	% change Q1 2024 over Q4 2023
General & administrative	**$ 53,693**	$ 32,760	$ 60,319	64%	-11%

HPC expenses were $53,693 in Q1 2024, 64% higher compared to $32,760 in Q1 2023 and 11% lower compared to $60,319 in Q4 2023. G&A expenses in the HPC segment were higher in Q1 2024 compared to Q1 2023 due to higher non-cash payroll related costs related to share based compensation for the timing of option grants and lower than Q4 2023 due to cost management measures implemented in Q3 2023.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2024, Acceleware had negative working capital of $2,799,757 (December 31, 2023 – negative working capital of $1,985,372) including $126,895 in cash and cash equivalents (December 31, 2023 - $951,569) and $852,069 in short-term notes payable (December 31, 2023 - $944,010). As of March 31, 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. During Q4 2023, Acceleware received the first claim for reimbursement under the new $3 million CRIN grant funding arrangement noted above. There was $2,064,434 received in Q4 2023. Cash and cash equivalents decreased in Q1 2024 due to timing of payments of trade payables. Increasing the deficit is deferred revenue of $4,350,000 as at March 31, 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 data revenue 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 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 used in operations totaled $675,863 for the three months ended March 31, 2024 compared to cash flows used in operations of $344,062 for the three months ended March 31, 2023. Cash used in operations before changes in non-cash working capital was $702,341 for Q1 2024 compared to cash used in operations before changes in non-

[*] 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

cash working capital of $494,925 in Q1 2023. The changes for both comparisons is due to timing of 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.

Trade and Other Receivables

Trade and other receivables as at March 31, 2024 was $282,089 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 March 31, 2024, the Company had current liabilities of $3,228,747 compared to current liabilities of $3,241,329 as at December 31, 2023. The change in current liabilities is due to a decrease in notes payable and an increase in interest payable on convertible debentures and deferred compensation owing to management. Included in accounts payable and accrued liabilities as at March 31, 2024 is $1,168,995 of deferred compensation for amounts owing to management (December 31, 2023 – $1,159,808).

Non-current Liabilities

As at March 31, 2024, the Company had non-current liabilities of $6,198,924 compared to $6,249,373 as at December 31, 2023. The change is mainly due to changes in the fair value of the derivatives of the convertible debt offered in 2022.

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 March 31, 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 is effective January 1, 2021 and provides a grant of up to 20% of eligible R&D expenses incurred in Alberta. This new grant effectively replaces 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 for 2021 and 2022 and received payment of $434,023 in Q1 2023 and $119,785 in Q3 2023. No amounts have been recorded as receivable as at March 31, 2024 due to uncertainty surrounding the estimate.

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 that face 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 March 31, 2024, the Company incurred expenses in the amount of $45,938 (three months ended March 31, 2023 - $45,938) 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 March 31, 2024, $305,463 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 March 31, 2024, the Company incurred expenses in the amount of $6,000 (three months ended March 31, 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 March 31, 2024, $1,910 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 March 31, 2024, the Company incurred expenses in the amount of $36,000 (three months ended March 31, 2023 - $36,000) 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 March 31, 2024, $91,773 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 March 31, 2024, the Company had notes payable outstanding of $270,000 bearing interest at an annual effective rate of 22% repayable within 180 days 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 March 31, 2024		Three months ended March 31, 2023
Salaries and short-term employee benefits	**$**	**217,460**	$	218,140
Share-based expenses		**111,326**		26,901
	$	**328,786**	$	245,041

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	118,376,043
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 March 31, 2024**	Three Months Ended March 31, 2023
Salaries	**$ 252,701**	$ 262,622
Consulting	**80,608**	100,698
R&D supplies and materials	**74,000**	358,395
Share-based payments	**76,128**	12,075
Depreciation	**4,193**	5,093
Rent and overhead Allocation	**13,485**	13,485
Non-refundable government assistance	-	(434,023)
Total	**$ 501,115**	$ 318,345

General and Administration	**Three Months Ended March 31, 2024**	Three Months Ended March 31, 2023
Salaries	**$ 78,112**	$ 143,731
Professional Fees	**100,417**	41,845
Share Based Payments	**121,522**	20,372
Rent, Office and Public Company Fees	**100,826**	70,289
Marketing	**47,037**	41,145
Depreciation	**4,193**	5,093
Travel	**375**	464
Total	**$ 452,482**	$ 322,939