ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") unaudited interim condensed financial statements and the accompanying notes for the three months ended March 31, 2019, 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, 2018, which have been prepared in accordance with IFRS. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Ltd.

This MD&A is presented as of May 28, 2019. 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 expectation of software revenue growth in the oil and gas sector through innovative licensing arrangements;
- potential benefits of the Company's software to customers, including cost savings and increases to cash flow and productivity;
- the future growth prospects for radio frequency ("RF") heating technology for heavy oil and oil sands based on technical and economic feasibility analyses and testing performed to date;
- the patentability of concepts developed through RF heating research and development ("R&D") efforts;
- 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 technology;
- 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 the world price of oil will continue to improve over the next 12 to 24 months, and that improvement will result in increased demand for the Company's products and technology;
- that the preliminary analyses coupled with lab and field testing that the Company has performed to date regarding the technical and economic feasibility of RF heating technology for heavy oil and oil sands will be confirmed in future commercial-scale testing and in commercial products;
- that the Company will receive all regulatory approvals required to carry out the commercial-scale testing of its RF heating technology;
- that the RF heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that it will be able to increase sales of its software products and services by focusing on innovative licensing arrangements and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company's R&D efforts may be unable to develop continuous improvements; and
- that it 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.

Company Overview

Acceleware is an innovator of clean-tech oil and gas technologies comprised of two business units: RF Heating enhanced oil recovery and High-Performance Computing (HPC) Scientific Software.

RF XL is Acceleware's patented and patent-pending RF heating technology, designed to improve the extraction of heavy oil and bitumen, with the possibility of saving significant production costs. When applied, RF XL has the potential to reduce both capital and operating costs, while offering significant environmental benefits, including immediate greenhouse gas ("GHG") emission reductions, a substantial decrease in land use, the elimination of external water, no requirement for solvents, and no tailings ponds. As an electrically-driven process, the Company believes that RF XL technology can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment with industry and government goals to recognize innovation as part of the solution in the oil and gas industry's overall emission reduction plans.*

Acceleware's HPC segment helps customers meet their oil and gas exploration needs with seismic imaging software that provides the most accurate and advanced imaging available for oil exploration in complex geological zones and formations, and their electronic product development needs with state-of-the-art electro-magnetic (EM) simulation software. For further information about the Company, please visit **www.acceleware.com.**

Acceleware was founded in 2004 to build software solutions that targeted the graphics processing unit as a compute platform. The first product was an accelerated finite difference time domain ("FDTD") solution for the EM simulation industry. AxFDTD™ 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 GPU computing revolution.

RF Heating

In 2010, Acceleware began investigating the technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing nine years, Acceleware has vigorously developed RF heating technology with two patents granted, 14 additional patent applications pending, and a further 8 patent applications under development. Acceleware has also developed leading edge RF heating simulation software. RF heating for oil production is not a new concept, however trials to date have shown limited success. Acceleware believes that the limitations experienced to date can be overcome with new technology. Acceleware's RF heating research and development effort has focused on reducing the capital cost of the technology, making the technology more flexible for use in a variety of resource plays, and improving the scalability of the technology to very long horizontal wells commonly used in Alberta's oil sands and elsewhere. The Company believes that RF heating has the potential to reduce capital and operating cost for heavy oil and oil sands extraction, as well as reduce the environmental footprint by dramatically reducing the use of water and limiting the greenhouse gas emissions associated with current extraction techniques. RF heating also has the potential to significantly reduce land use in the oil sands, and does not involve the injection of chemicals into the reservoir. Acceleware's unique expertise with RF heating technology has also resulted in service revenue both locally and abroad. Acceleware's RF heating technology broadly falls into two versions. Modular RF is a technology mainly aimed at deeper, vertical wells where efficiencies are gained through the innovative approach to downhole RF power generation. The second version, RF XL targets long horizontal wells common to in-situ oil sands production. In the course of the Company's RF heating development and services business, the Company developed sophisticated simulation software tools based on AxFDTD coupled to third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™ a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production. *

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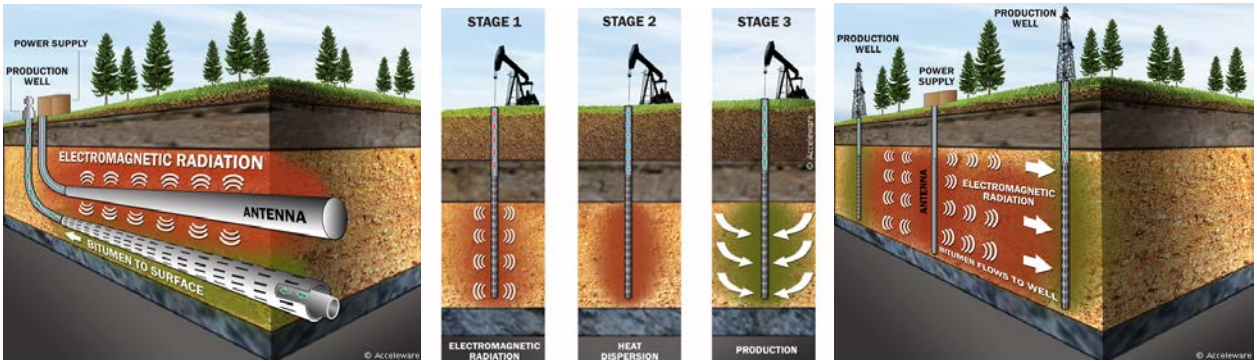
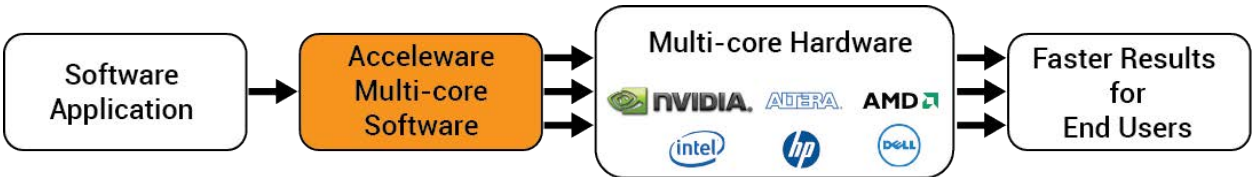


Multiple Vertical – RF flood Single Vertical – Cyclic RF flood Horizontal – RF injector

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

High-Performance Computing Software

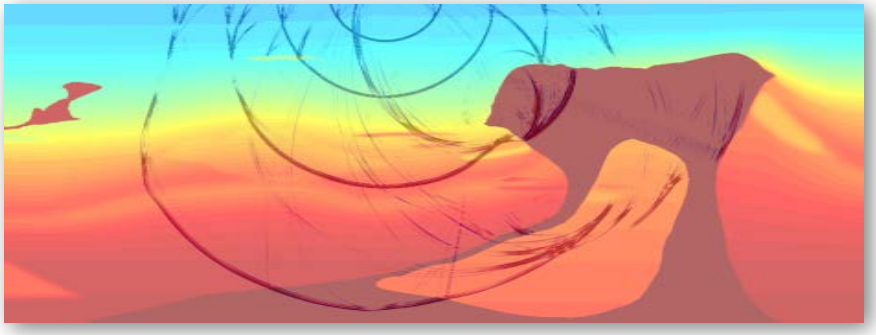
Acceleware's traditional market has been electromagnetic simulation software, and the Company continues to provide products to this industry. With AxFDTD, most of the major mobile telephone manufacturers in the world are using Acceleware's electromagnetic design solutions to design their products more rapidly. Acceleware's fourth-generation software acceleration solutions that support multi-board GPU systems can accelerate entire industrial simulation and processing applications by over 35 times.



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

In the EM market, software developers partner with Acceleware to increase the speed of their software. Some of the Company's current software partners include SPEAG, Synopsys, ZMT Zurich MedTech and Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales. AxFDTD will continue for the traditional markets and is an enabling technology for AxHEAT.

Recognizing an opportunity in the similarity between electromagnetic FDTD and certain seismic imaging algorithms, Acceleware entered the seismic imaging market in 2008. The Company's first product was a GPU accelerated Kirchhoff Time Migration solution, followed closely by CPU and GPU enabled Reverse Time Migration ("RTM") library, AxRTM™ in 2009. In 2013, Acceleware introduced AxWave™, a forward modelling variant of AxRTM which allows customers to accurately model seismic acquisition and perform data characterization. In late 2014, Acceleware added AxFWI™ a revolutionary modular full waveform inversion ("FWI") application to its seismic imaging suite. AxFWI allows geophysicists to create high quality subsurface velocity models in dramatically less time than before. Building on recent direct sales success, Acceleware will access the oil and gas geoscience software market with innovative licensing structures through a direct sales model beginning in 2019. As part of the switch, the Company has discontinued reseller arrangements with seismic independent software vendors ("ISV").



Seismic forward modelling in complex subsurface geology using AxWave

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. On March 31, 2019, Acceleware had 20 employees and long-term contractors including: 3 in administration; 4 in sales, marketing and product management; and 13 in research and development and engineering.

Overall Performance

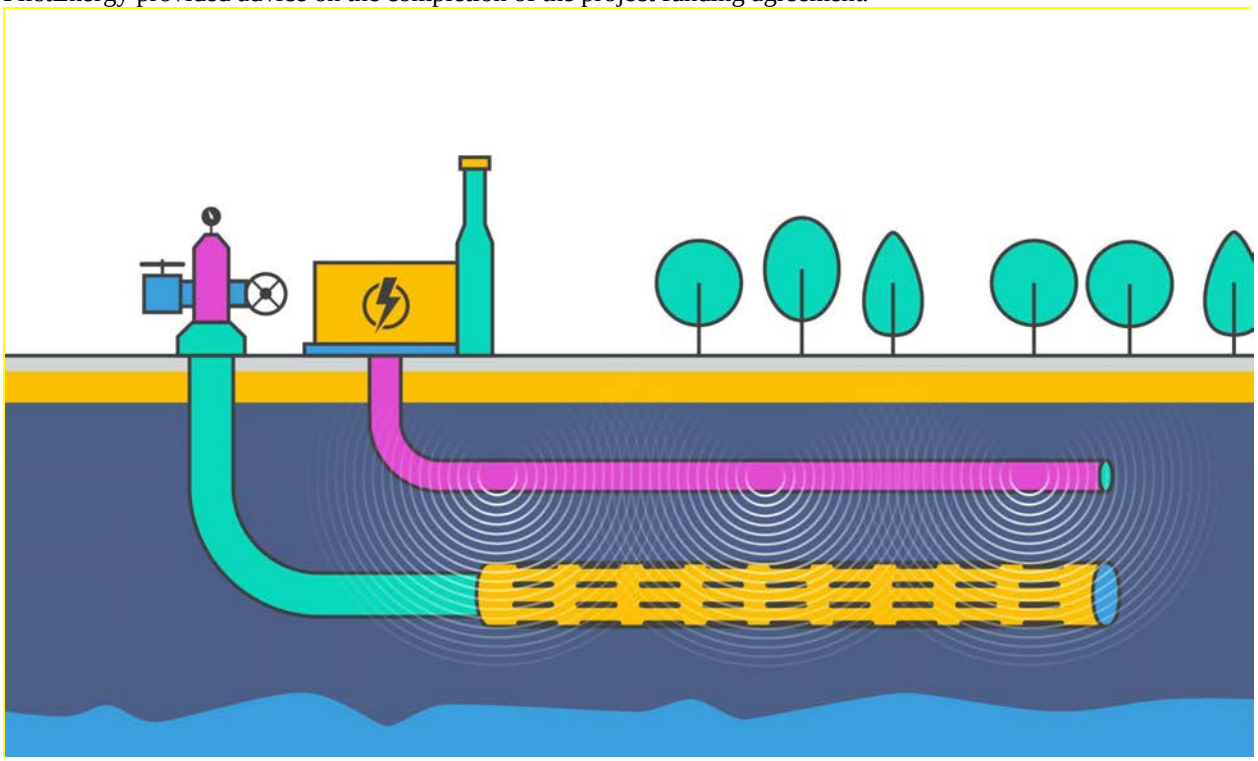
In the three months ended March 31, 2019 (Q1 2019), Acceleware recorded its second highest quarterly revenue in the past two years, an outcome significantly higher than that obtained in the three months ended March 31, 2018 (Q1 2018), and second only to the three months ended December 31, 2018 (Q4 2018). The increase is due to new sales of software licenses for seismic imaging, a result of innovative new licensing models. The Company has discontinued its reseller model for seismic software and is now selling software direct to oil and gas customers. As a result of the increase in revenue, the Company recorded its second consecutive quarter of positive total comprehensive income and second consecutive quarter of positive cash flow from operating activities.

During Q1 2019, Acceleware recognized revenue of $888,733 - 422% higher than the $170,259 recognized during Q1 2018. The increase is primarily a result of a significant increase in seismic software and maintenance revenue, offset by a more modest decline in software services revenue. Revenue in Q1 2019 fell 75% compared to the $3,533,026 recorded in Q4 2018. The decline in revenue compared to the most recent quarter is due to a significant decrease in services revenue caused by the substantial completion in Q4 2018 of a consulting services agreement with Advanced Micro Devices, Inc. (AMD) which saw the Company's custom software team transitioned to become employees of AMD, and the provision of other consulting services. On a segmented basis, HPC revenue increased 421% to $886,508 in Q1 2019 compared to $170,259 in Q1 2018 on higher seismic software and seismic maintenance revenue. HPC revenue fell 75% from the $3,490,542 recorded in Q4 2018 due to the absence of the AMD contract revenue. RF heating revenue rose slightly in Q1 2019 to $2,225 form $nil in Q1 2018 on increased maintenance revenue. RF heating revenue was 95% lower in Q1 2018 compared to the $42,484 recorded in Q4 2018 on lower software revenue.

The Company had total comprehensive income of $67,498, a substantial increase compared to a total comprehensive loss of $839,377 for Q1 2018. The higher total comprehensive income is principally a result of higher revenue, and lower R&D expense net of government assistance. Total comprehensive income decreased 97% in Q1 2019 to $67,498 compared to $2,437,958 in Q4 2018, due to lower revenue.

On a segmented basis, income from operations attributed to the HPC segment increased substantially to $722,885 in Q1 2019 from a loss of $238,875 in Q1 2018, due to increased revenue and lower R&D and G&A expenses. Income from operations fell 78% in Q1 2019 from the $3,244,588 recorded in Q4 2018 due to the absence of the AMD revenue. Operating loss for RF heating was similar in Q1 2019 at $595,969 compared to $595,004 in Q1 2018. Operating loss for RF heating was 33% lower in Q1 2019 compared to the loss of $886,424 recorded in Q4 2018 due to lower R&D and G&A expenses.

During the three months ended March 31, 2019, Acceleware invested in RF heating R&D. Activities included engineering, design and prototyping work related to the Company's planned commercial-scale test of RF XL, and filing additional patent applications. Specifically, for the RF XL test, the Company completed additional factory acceptance testing of a prototype RF generator with partner GE, conducted bench-top testing of RF XL apparatus with various oil sands core samples, and continued to de-risk design concepts for RF XL wells. During Q1 2019, Acceleware's scientists and engineers filed three new patent applications. Acceleware continues to estimate that the cost to complete the RF XL pilot will range from $16 million to $20 million. Through a project financing agreement with a major oil sands producer, contribution agreements with Sustainable Development Technology Canada ("SDTC") and Emissions Reduction Alberta ("ERA") together with other sources the total financing for the commercial-scale test raised to date is in excess of $16 million. Acceleware has also appointed GMP Securities L.P. ("GMP FirstEnergy") as exclusive financial advisor to assist in the full funding of the RF XL pilot program. GMP FirstEnergy provided advice on the completion of the project funding agreement. *



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

At March 31, 2019, Acceleware had $2,245,521 (December 31, 2018 - $2,051,577) in working capital, including $4,450,464 (December 31, 2018 - $3,225,126) in cash and cash equivalents, and $280,129 (December 31, 2018 - $189,012) in combined short-term and long-term debt in the form of lease obligations. The increase in short-term and long-term lease obligations is a reflection of the adoption of IFRS 16 on January 1, 2019. The increase in cash (and consequently working capital) is a result of the AMD agreement noted above and government assistance for the RF XL field test.

The Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations, external funding, and capital raising activities. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin software products; to minimize operating expenses where possible; and to limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow

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from the high-performance computing business, project funding agreements, government assistance and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, reducing sales, marketing and general and administrative expenses, and seeking outside financing. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Recent Highlights and Events

March 13, 2019 – Acceleware announced the filing of a patent application on the use of RF XL in shipping bitumen by rail, and an update on the commercialization of its RF XL enhanced oil recovery method. The update included new information on:

(i) The design and production of a prototype silicon carbide ("SiC") RF generator with partner GE Global Research ("GE"). GE and Acceleware have jointly completed the assembly and factory-acceptance testing for the initial module of the RF XL prototype, SiC RF generator. GE is now working on the assembly of all eight modules which together will comprise the full 2 MW generator to be used in the commercial-scale test.

(ii) Acceleware has continued to develop intellectual property for the RF XL platform, and has recently been awarded a second patent. Claims from the new patent detail an antenna for RF heating applications that can intrinsically match the impedance across a wide variety of materials including air, sand, hydrocarbon formation materials, and water, thereby maximizing power. In addition, the claim details that the antenna is also capable of functioning at very high temperatures.

(iii) Work on the commercial-scale field test of the RF XL technology with partner Prosper Petroleum Ltd. ("Prosper"), as announced on July 17, 2018. Design and engineering work is substantially complete for the commercial-scale test of RF XL. Acceleware and engineering partner, Scovan Engineering, have completed the front-end engineering design for the surface facilities required for the test, while the Company's drilling and completions consultants, including Codeco-Vanoco Engineering Inc., have substantially completed designs for the proprietary RF XL heater wells, along with the industry standard producer well designs.

February 7, 2019 - Acceleware announced the appointment of two key executives, Laura McIntyre as Vice President, Engineering and Brian LeBlanc as Chief Financial Officer.

January 31, 2019 - Acceleware announced that it has granted stock options to acquire up to 2,956,066 common shares of the Corporation to certain of its employees, consultants, officers and directors. The options have an exercise price of $0.13 per common share and expire on January 31, 2024. Of the 2,956,066 options granted, 1,237,500 shall vest on the first anniversary of the grant date, 1,237,500 shall vest on the second anniversary of the grant date, 240,533 shall vest when the share price of the common shares of the Corporation closes at or above $0.165 for ten consecutive trading days, and 240,533 shall vest when the share price of the common shares of the Corporation closes at or above $0.195 for ten consecutive trading days. The Corporation's stock option plan allows for 10,391,767 common shares to be reserved for issuance under the plan. Upon issuance of the options granted, there will be 9,676,824 common shares reserved under options outstanding, leaving 714,943 common shares that may be reserved for issuance under the Corporation's stock option plan.

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Strategic Update

RF Heating

In 2010, Acceleware began investigating the technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing nine years, Acceleware has been granted two patents, has filed a further 14 patent applications for RF heating technology, and has developed leading edge simulation software. Eight additional patent applications for RF heating are currently underway as the Company expands its portfolio of intellectual property in line with product development. RF heating for oil production is not a new concept, however, trials to date have shown limited success. Acceleware believes that the limitations experienced to date can be overcome with its proprietary technology. Acceleware's RF heating research and development effort has focused on reducing the capital cost of the technology, making the technology more flexible for use in a variety of resource plays, and improving the scalability of the technology to very long horizontal wells commonly used in Alberta's oil sands and elsewhere. The Company believes that RF heating has the potential to reduce capital and operating cost for heavy oil and oil sands extraction, as well as reduce the environmental footprint by dramatically reducing the use of water and limiting the greenhouse gas emissions associated with current extraction techniques. Acceleware's unique expertise with RF heating technology has also resulted in service revenue both locally and abroad. In the course of the Company's RF heating development and services business, the Company developed sophisticated simulation software tools based on AxFDTD coupled to third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™ a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production. *

In each of the four years up to 2017, the Company received funding from NRC-IRAP to partially finance its RF heating technology development. Acceleware's RF heating R&D program is focused on removing certain known technical limitations preventing the widespread adoption of this technology in enhanced oil recovery. In 2015, the Company conducted successful laboratory testing of critical components of the technology. In 2016, the Company commenced testing in larger scale field experiments, with additional components, to more closely replicate a commercial system, and completed the first phase of those tests in 2017. The Company began preparation for a commercial-scale (2 megawatts and approximately 1000m horizontal well) field test in 2018 at Prosper's Rigel oil sands property new Fort McKay in north-eastern Alberta. Acceleware has been awarded a $10 million non-repayable contribution to complete a commercial-scale field test of its RF XL technology. The funding will be provided by SDTC and ERA in accordance with their mandates to bring clean technologies to market that are economically viable and reduce GHG emissions. Acceleware has raised a further $2 million in funding for the test from a major Canadian oil sands producer. The Company is in the process of attracting partnerships with one or more additional oil sands producers to provide additional financial and technical support for this commercial-scale field test in an oil sands reservoir. In 2018, the Company has completed development of key components that will be utilized in the commercial-scale test. Acceleware, with partner GE, has completed the preliminary design of the prototype RF generator that will be used in the test, and has begun the manufacture and test activities. Acceleware has completed design concepts for drilling and completing RF XL wells, and has completed front-end engineering and design of the surface facilities that will be used during the test. In 2019, Acceleware and Prosper expect to receive regulatory approval to move forward with the test. Acceleware continues to invest in intellectual property protection and has several new patent applications in development, including the investigation of applications for RF heating beyond oil sands and heavy oil production. *

Software for Geoscience

In 2018, the Company focused on selling seismic imaging software to the oil and gas exploration market, and this will continue for 2019. The Company continues to develop its latest release of AxRTM with TTI, which the Company believes is a state-of-the-art RTM seismic imaging product. Complimenting AxRTM is AxWave, a finite-difference forward modelling package. These GPU accelerated and CPU optimized seismic solutions, with dense packaging and improved economics in power and cooling, provide a multi-fold performance increase that reduces lengthy processing

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times and enables expedited drilling decisions for the oil and gas industry. During late 2014, the Company derived its first revenue from AxFWI, Acceleware's new modular full waveform inversion software application. Full waveform inversion allows geophysicists to dramatically improve subsurface models with less manual processing. In 2019, the Company is continuing the development of its suite of seismic products, as well as adding features, functionality and performance to AxRTM, AxWave and AxFWI. A key objective for 2019 is to use innovative ways to license software products to oil and gas producers, seismic service companies and software providers.

Building on recent direct sales success, Acceleware will access the oil and gas geoscience software market with innovative licensing structures through a direct sales model beginning in 2019. As part of the switch, the Company has discontinued reseller arrangements with seismic independent software vendors ("ISV").

Electromagnetic software products

While the Company is focusing on oil and gas, it continues to sell and develop its EM FDTD solution. In the EM market, software is sold to end users primarily through ISVs that have integrated Acceleware's solution into their software packages. Acceleware currently works with some of the world's largest companies in the electronics market, which consists of mobile phone manufacturers, industrial electronics firms, and government organizations. ISVs are an important sales channel for Acceleware, and work with the Company's sales force by selling on Acceleware's behalf, co-selling with Acceleware's sales people, or referring potential customers to Acceleware. Currently, Acceleware's CAE ISV partners include SPEAG, ZMT Zurich MedTech AG, Keysight Technologies, Synopsis, Inc., and Crosslight Software Inc.

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

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

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

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Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, total comprehensive (loss) income before tax and earnings (loss) per share for the eight most recently completed quarters ended March 31, 2019.

	2019		2018			2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	$888,733	$3,533,026	$263,978	$350,098	$170,259	$271,690	$237,576	$312,612
Cash generated (used) in operating activities	1,211,577	2,807,350	(551,816)	(310,203)	(543,179)	(336,811)	(721,543)	(99,769)
Total comprehensive income (loss) for the period	67,498	2,685,763	(1,051,292)	(645,911)	(839,377)	(745,937)	(913,738)	(641,197)
Earnings (loss) per share basic and diluted	$0.010	$0.026	($0.010)	($0.001)	($0.009)	($0.011)	($0.007)	($0.007)

In Q1 2019, Acceleware recorded its second highest quarterly revenue in the past two years, an outcome significantly higher than that obtained in the year prior quarter (Q1 2018), and second only to the immediate past quarter (Q4 2018). The increase is due to new sales of software licenses for seismic imaging, a result of innovative new licensing models. The Company has discontinued its reseller model for seismic software and is now selling software direct to oil and gas customers. As a result of the increase in revenue, the Company recorded its second consecutive quarter of positive total comprehensive income and second consecutive quarter of positive cash flow from operating activities.

Results of Operations

Overall Performance

The Company's total comprehensive income in Q1 2019 was $67,498, representing a substantial increase compared to a total comprehensive loss of $839,377 in Q1 2018. The higher total comprehensive income is a result of higher revenue, lower cost of revenue, lower R&D expense net of government assistance, and despite marginally higher G&A expense. Total comprehensive income decreased 97% in Q1 2019 to $67,498 compared to $2,437,958 in Q4 2018, due to lower revenue with the substantial completion of the AMD contract in Q4 2018.

On a segmented basis, the loss from operations attributable to the RF heating segment was similar in Q1 2019 at $595,969 compared to $595,004 in Q1 2018. Operating loss for RF heating was 33% lower in Q1 2019 compared to the loss of $886,424 recorded in Q4 2018 due to lower R&D net of government assistance and lower G&A expenses. Operating income attributable to HPC increased to $722,885 in Q1 2019, compared to a loss of $238,875 in Q1 2018 due to higher revenue, and lower expenses in all categories. HPC operating income was lower in Q1 2019 compared to the operating income of $3,244,588 recorded in Q4 2018 due to the substantial completion of the AMD contract in Q4 2018, and despite lower expenses in all categories.

Revenue

Revenue	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Software	**$ 737,638**	$ 4,220	$ 93,639	17380%	688%
Maintenance	**144,542**	128,477	162,539	13%	-11%
Services	**6,553**	37,562	3,276,848	-83%	-100%
	$ 888,733	$ 170,259	$ 3,533,026	422%	-75%

During Q1 2019, the Company recognized revenue of $888,733 representing an increase of 422% over the $170,259 recognized during Q1 2018, due to higher HPC (seismic) software revenue, and higher seismic maintenance. Revenue fell 75% compared to the $3,533,026 recognized in Q4 2018 due to the substantial completion of the AMD contract in Q4 2018.

RF Heating Revenue	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Software	**$ -**	$ -	$ 41,000	N/A	-100%
Maintenance	**2,225**	-	1,484	N/A	50%
Services	**-**	-	-	N/A	N/A
	$ 2,225	$ -	$ 42,484	N/A	-95%

The Company recognized RF heating revenue of $2,225 in Q1 2019 compared to $nil RF heating revenue in Q1 2018. The increase is due to maintenance revenue from the Company's AxHEAT RF heating simulation software. RF heating revenue fell 95% to $2,225 in Q1 2019 from $42,484 in Q4 2018 when the Company sold the above-noted AxHEAT license.

HPC Revenue	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Software	**$ 737,638**	$ 4,220	$ 52,639	17380%	1301%
Maintenance	**142,317**	128,477	161,055	11%	-12%
Services	**6,553**	37,562	3,276,848	-83%	-100%
	$ 886,508	$ 170,259	$ 3,490,542	421%	-75%

HPC revenue increased 421% to $886,508 in Q1 2019 compared to $170,259 in Q1 2018 on higher seismic software and seismic maintenance revenue. HPC revenue fell 75% from the $3,490,542 recorded in Q4 2018 due to the absence of the AMD contract revenue. HPC software revenue increased substantially to $737,638 in Q1 2019 compared to $4,220 in Q1 2018 due to large seismic imaging software licensing contracts in Q1 2019. HPC software revenue increased 1,301% to $737,638 in Q1 2019 compared to $52,639 in Q4 2018, also due to higher seismic software license revenue. HPC maintenance revenue increased 11% from $128,477 in Q1 2018 to $142,317 in Q1 2019 due to higher seismic imaging software maintenance. However, HPC maintenance revenue was 12% lower in Q1 2019 at $141,317 compared to $161,055 in Q4 2019 due to due to the timing of renewal of maintenance contracts occurring later in Q1 2019. HPC services revenue was 421% lower in Q1 2019 at $6,553 compared to $37,562 in Q1 2018 due to the strategic decision to discontinue most HPC services offerings in Q4 2018. HPC services revenue was also significantly lower in Q1 2019 compared to the $3,276,848 recorded in Q4 2018, due to the substantial completion of the AMD contract in Q4 2018.

Expenses

Expenses	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Cost of revenue	**$ 603**	$ 12,420	$ 15,450	-95%	-96%
General & administrative	**610,838**	547,890	881,644	11%	-31%
Research & development	**150,376**	443,828	277,768	-66%	-46%
	$ 761,817	$ 1,004,138	$ 1,174,862	-24%	-35%

Expenses declined 24% during Q1 2019 to $761,817 from $1,004,138 in Q1 2018 primarily due to a decrease in R&D expenses, due in turn to the increase in government assistance for the RF XL commercial-scale test from SDTC and ERA in Q1 2019. Expenses declined 35% from the $1,174,862 recorded in Q4 2018 due to lower G&A expenses, and lower R&D expenses.

RF heating expenses	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Cost of revenue	**$ -**	$ -	$ 14,001	N/A	-100%
General & administrative	**476,934**	345,624	673,234	38%	-29%
Research & development	**121,260**	249,380	241,673	-51%	-50%
	$ 598,194	$ 595,004	$ 928,908	1%	-36%

RF heating expenses were similar in Q1 2019 at $598,194 compared to $595,004 in Q1 2018, however expenses fell 36% from $928,098 in Q4 2018 primarily due to lower salary and other compensation expense in both R&D and G&A. RF heating R&D expense fell 51% in Q1 2019 to $121,260 from $241,673 during Q1 2018 due to higher government assistance for R&D. Government assistance was $384,015 in Q1 2019 compared to $nil in Q1 2018. The increase in gross RF heating R&D expense in Q1 2019 compared to Q1 2018 is due to the ramp-up of activity related to the commercial-scale test of RF XL technology. RF heating R&D decreased 50% to $121,260 in Q1 2019 compared to $241,673 in Q4 2018 due to higher materials and contractor expenses for the RF XL commercial-scale test during Q4 2018. RF heating G&A increased 38% to $476,934 in Q1 2019 from $345,624 in Q1 2018 due to higher salary and share-based compensation and higher contractor expenses. RF heating G&A expenses decreased 29% in Q1 2019 compared to the $673,234 recorded in Q4 2018 due to lower salary and other compensation expense.

HPC expenses	**Three months ended Mar 31, 2019**	Three months ended Mar 31, 2018	Three months ended Dec 31, 2018	% change Q1 2019 over Q1 2018	% change Q1 2019 over Q4 2018
Cost of revenue	**$ 603**	$ 12,420	$ 1,449	-95%	-58%
General & administrative	**133,904**	202,266	208,410	-34%	-36%
Research & development	**29,116**	194,448	36,095	-85%	-19%
	$ 163,623	$ 409,134	$ 245,954	-60%	-33%

HPC expenses decreased 60% to $163,623 in Q1 2019 compared to $409,134 in Q1 2018 primarily due to fewer custom software development staff as a result of the AMD agreement. HPC G&A fell 34% in Q1 2019 to 133,904 from $202,266 in Q1 2018 and fell 36% from the $208,410 recorded in Q4 2018 due to lower salary and other staff compensation expense. More significantly, HPC R&D fell 85% in Q1 2019 to $29,116 from $194,448 in Q1 2018 due to fewer technical staff and consequently lower salary and other compensation expense. HPC R&D fell 19% from the $36,095 recorded in Q4 2018 for the same reason.

Liquidity and Capital Resources

At March 31, 2019, Acceleware had $2,245,521 (December 31, 2018 - $2,051,577) in working capital, including $4,450,464 (December 31, 2018 - $3,225,126) in cash and cash equivalents, and $280,129 (December 31, 2018 - $189,012) in combined short-term and long-term debt in the form of lease obligations. The increase in short-term and long-term lease obligations reflects the adoption of IFRS 16 on January 1, 2019. The increase in cash (and consequently working capital) is a result of the AMD agreement noted above and government assistance for the RF XL field test.

The Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations, external funding, and capital raising activities. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin software products; to minimize operating expenses where possible; and to limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the high-performance computing business, project funding agreements, government assistance and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, reducing sales, marketing and general and administrative expenses, and seeking outside financing. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Cash flow from operations totaled $1,211,577 for the three months ended March 31, 2019, compared to cash used of $543,179 for the three months ended March 31, 2018. The change is a result of increased revenue and a decreased investment in working capital, particularly contract assets. Cash generated in operations before changes in non-cash working capital increased to $267,495 in Q1 2019 from $619,755 of cash used in operations in Q1 2018.

As at March 31, 2019, the Company had current liabilities of $3,509,927 compared to current liabilities of $3,918,182 as at December 31, 2018. The 10% decrease in current liabilities is due to reduced accrued salary expense and other payroll liabilities.

Trade and Other Receivables

Trade and other receivables as at March 31, 2019 fell to $849,617, compared to $1,397,786 as at December 31, 2018. The decrease is a result of lower revenue in Q1 2019 compared to Q4 2018. The Company maintains close contact with its customers to mitigate risk in the collection of receivables.

Alberta SR&ED Tax Credits

The Company has recorded $277,209 (December 31, 2018 - $227,311) in Alberta SR&ED tax credit receivables as at March 31, 2019. The increase is a result of R&D undertaken in Q1 2019.

Investing Activities

For the three months ended March 31, 2019, $2,846 was invested in property and equipment compared to $nil for the three months ended March 31, 2018.

* this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

Financing Activities

During the three months ended March 31, 2019, 1,224,000 stock options and nil warrants (three months ended March 31, 2018 - 356,128 stock options and 50,000 warrants) were exercised for cash proceeds of $61,200 (three months ended March 31, 2018 - $33,040).

Income Tax

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

With the exception of the refundable Alberta SR&ED tax credits, as at March 31, 2019, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2018. A discussion of risks affecting the Company and its business is set forth under the heading Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2018.

Transactions with Related Parties

For the three months ended March 31, 2019, the Company incurred expenses in the amount of $43,167 (three months ended March 31, 2018 - $41,250) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at March 31, 2018, $41,332 was included in accounts payable and accrued liabilities (December 31, 2018 - $138,457). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended March 31, 2019, the Company incurred expenses in the amount of $14,059 (three months ended March 31, 2018 - $3,203) with a company controlled by a director of the Company for legal fees, and this amount is included in general and administrative expense. As at March 31, 2019, $12,272 was included in accounts payable and accrued liabilities (December 31, 2018 - $17,643). These fees were incurred in the normal course of operations and in the opinion of management represent fair value for services rendered.

For the three months ended March 31, 2019, the Company incurred expenses in the amount of $16,450 (three months ended March 31, 2018 - $3,300) with a company controlled by the spouse of an officer of the Company for communications services, and this amount is included in general and administrative expense. As at March 31, 2019, $17,273 was included in accounts payable and accrued liabilities (December 31, 2018 - $nil). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended March 31, 2019, the Company incurred expenses in the amount of $16,397 (three months ended March 31, 2018 - $nil) with a company controlled by an officer of the Company for financial reporting services, and this amount is included in general and administrative expense. As at March 31, 2019, $8,217 was included in accounts payable and accrued liabilities (December 31, 2018 - $nil). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

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

		Three months ended March 31, 2019		Three months ended March 31, 2018
Salaries and short-term employee benefits	**$**	**332,155**	$	174,203
Share-based payments		**92,503**		155,038
	$	**424,658**	$	329,241

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2018 outlined critical accounting policies including key estimates and assumptions that Management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in Management's key estimates and assumptions and except for the adoption of IFRS 16, the significant accounting policies used in the preparation of the condensed interim financial statements are unchanged from those disclosed in the Company's financial statements for the year ended December 31, 2018.

New standards and interpretations adopted

IFRS 16, Leases ("IFRS 16"). The Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments. IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases.

The impact of the transition to IFRS 16 is shown in Note 10 of the Company's financial statements for the three months ended March 31, 2019.

The Company's accounting policy under IFRS 16 is as follows: At inception of a contract, Acceleware assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts that contain a lease component, Acceleware then recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for:

- Initial direct costs incurred by Acceleware;
- Lease payments made prior to inception;
- Estimated costs to dismantle, remove or restore the asset(s); less
- Any lease incentives received.

Lease assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if Acceleware is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, Acceleware uses its incremental borrowing rate as the discount rate for leases for the right to use office space, and uses the interest rate implicit in the lease for leases of the right to use computer equipment.

The lease liability is measured at amortized cost using the effective interest method. Acceleware will remeasure the lease liability when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Acceleware's estimate of the amount expected to be payable under a residual value guarantee, or if Acceleware changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Acceleware has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term (12 months or less) leases of all asset classes. Acceleware will elect to apply the practical expedient not to recognize right-of-use assets and lease liabilities for leases of low value (less than $5,000) assets on a case-by-case basis. The lease payments associated with either short-term leases or leases of low-value underlying assets are recognized as an expense on a straight-line basis over the lease term.

Financial Instruments and Other Instruments

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

Disclosure of Outstanding Share Data

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

Common Shares	104,551,670
Stock Options	9,476,824
Warrants	1,840,644

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the unaudited financial statements for March 31, 2019 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended March 31, 2019**	**Three months ended March 31, 2018**
Salaries	**$ 23,580**	$ 361,996
Consulting	**441,247**	49,250
R&D lab supplies	**43,679**	10,925
Share-based payments	**43,828**	50,775
Rent and overhead allocations	**10,470**	21,941
Amortization	**21,486**	10,378
Government assistance	**(384,015)**	—
Alberta SR&ED Tax Credits	**(49,899)**	(61,437)
Total	**$ 150,376**	$ 443,828

Sales, General and Administration	**Three months ended March 31, 2019**	**Three months ended March 31, 2018**
Salaries	**$ 300,788**	$ 185,843
Marketing	**42,540**	60,339
Travel	**552**	13,387
Share-based payments	**109,330**	148,091
Rent, supplies and public company fees	**73,477**	66,084
Amortization	**21,486**	10,378
Professional fees	**62,665**	63,686
Bad debt expense	**—**	82
Total	**$ 610,838**	$ 547,890