ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

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 nine months ended September 30, 2023, 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, 2022. Additional information relating to the Company is available on the SEDAR+ at www.sedarplus.ca under Acceleware Ltd.

This MD&A is presented as of November 21, 2023. 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 workover for the 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 interest in reducing greenhouse gas ("GHG") emissions, reducing industrial water use, and minimizing land disturbance remains constant or increases;
- 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 RF heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that the Company will be able to maintain sales of its software products and services which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, and that the Company's R&D efforts may be unable to develop continuous improvements; and
- that the Company will be able to withstand the impact of increasing competition.

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

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

BUSINESS OVERVIEW

Acceleware is an innovator of transformative technologies leading to a new era of responsible and cost-effective energy development focused within two business segments:

- **RF Heating**: intelligent electric heating using RF energy generated by the Company's proprietary Clean Tech Inverter ("CTI") for industrial applications including enhanced oil recovery ("RF XL"), and
- **HPC**: high-performance computing scientific software.

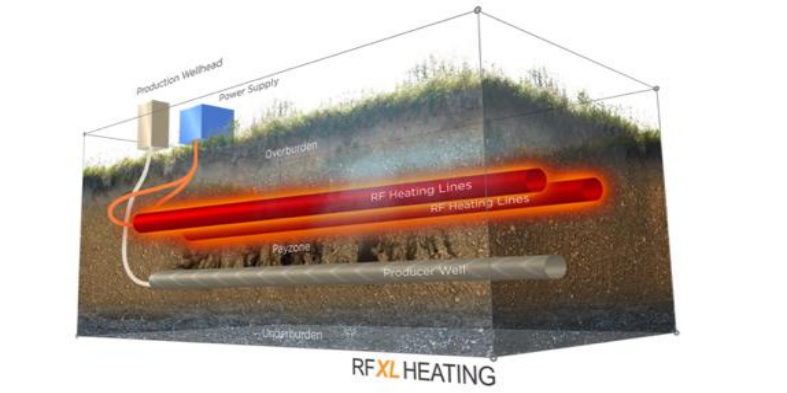
Acceleware's patented CTI heating 'engine' can provide intelligent, reliable, scalable, on-demand, decarbonized heat via RF energy. CTI is extremely efficient, it can be adapted to multiple industrial clean heating applications, and it may be able to displace fossil fuel reliant heating systems that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

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.*



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 also helps customers meet their electronic and medical product development needs with state-of-the-art electro-magnetic ("EM") simulation software.

*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.

RF Heating for Enhanced Oil Recovery

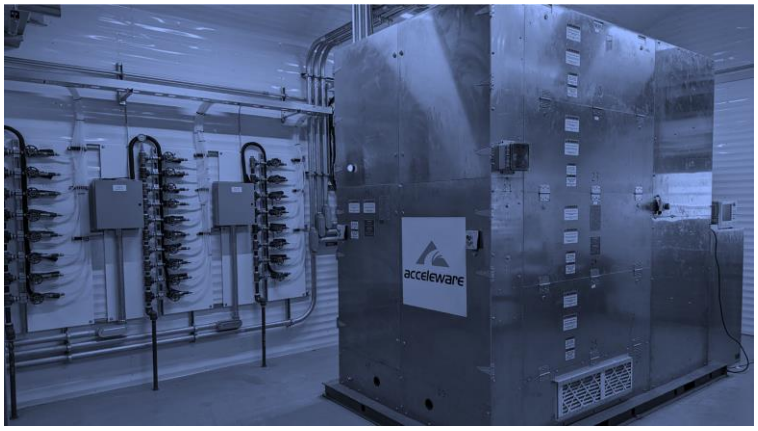
In 2010, Acceleware began investigating the use of RF energy for in-situ heating of heavy oil and bitumen. Since then, Acceleware has vigorously developed RF heating technology, securing the intellectual property with patents where appropriate.

Through the Company's RF Heating segment, Acceleware developed sophisticated simulation software tools based on its proprietary AxFDTD solution coupled with 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 that are investigating the effectiveness of RF heating to increase the efficiency of heavy oil and oil sands production.

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. The Company's R&D efforts in RF heating for oil production 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 the generation of feasibility study and software revenue both locally and abroad. A major step in achieving these goals was the development of a low-capital cost and highly efficient inverter platform – the CTI.

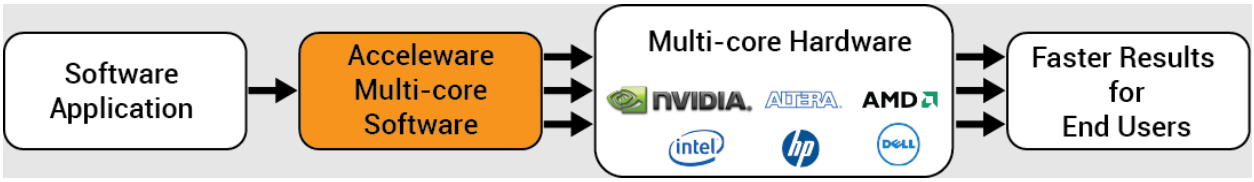
CTI Decarbonization of Other Industrial Heating Applications

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 drying; and in mining applications. Other applications in drying and industrial heating are being explored.



High-Performance Computing Software

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.



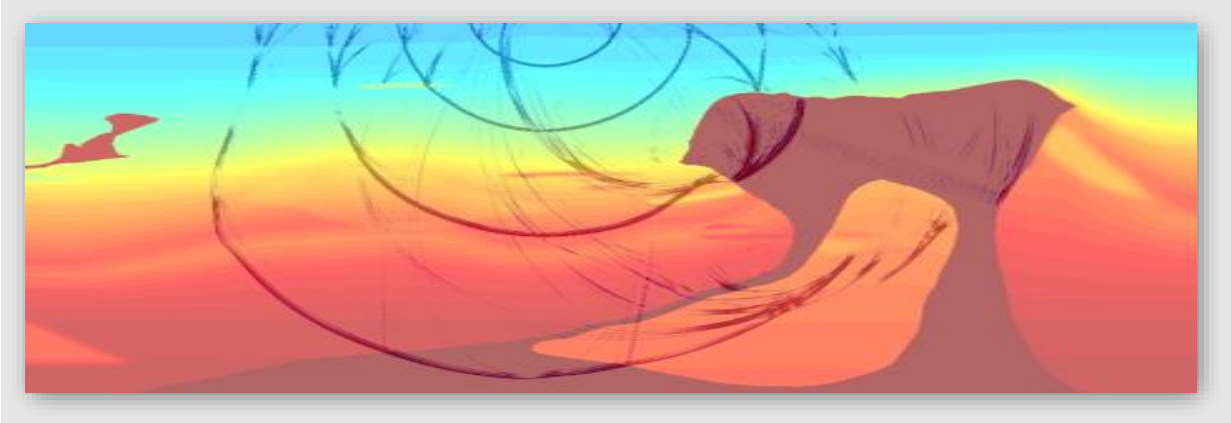
The EM solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing 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 September 30, 2023, Acceleware had 14 employees and long-term contractors, including three in administration; one in sales, marketing and product management; and ten in R&D and engineering.

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

OPERATING SUMMARY

The RF XL Pilot is intended to demonstrate RF XL in an operational environment. In the opinion of the Company's management, once the RF XL Pilot is complete, RF XL will have achieved Technology Readiness Level 8, which is the final level before early adoption and commercialization[1]. RF XL is the first application of the Company's patent-protected CTI. Acceleware believes the CTI can economically decarbonize many industrial verticals through electrification with immediate application 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, hydrogen production, and food and agricultural drying.

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 a maintenance workover. 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 September 30, 2023 ("Q3 2023"), encouraged by positive results to date, the Company worked closely with industry partners to determine the most appropriate next steps in the workover. Several options were analyzed which could allow for demonstration of RF XL in an operational environment, and each was ranked by probability of success. During Q3 2023, a refined configuration of RF XL was finalized including many upgraded components, improved deployment tools, and modified operational procedures based on experience to date. More details on the workover progress are discussed below.

Strategic and financial highlights since the beginning of 2023 include:

- On November 6, 2023, Acceleware announced non-dilutive, non-repayable funding from the Clean Resource Innovation Network ("CRIN") of up to $3 million for the RF XL Pilot. The funding will be paid upon completion of certain milestones and is reimbursement for costs incurred between January 1, 2022 and March 31, 2024. This funding is intended to accelerate clean technology development and commercialization for the oil and gas industry. No amounts have been received as of November 21, 2023.
- On August 21, 2023 Acceleware closed a non-brokered private placement of units which consisted of one common share of the Company and one common share purchase warrant. 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 will be used to fund a portion of the RF XL Pilot workover and for general corporate purposes.
- On August 2, 2023, Acceleware successfully concluded an Exploring Innovations project with the International Minerals Innovation Institute ("IMII"), which validated the potential to use RF energy from Acceleware's CTI to dry potash and other mineral commodities. IMII subsequently announced that it has invited Acceleware to submit a proposal for subsequent project phases which could lead to the development of a commercial scale drying platform. Acceleware has submitted a proposal and awaits approval from IMII.
- On February 22, 2023, Acceleware and Aurora Hydrogen announced the award of $2 million from Alberta Innovates to Aurora Hydrogen for a collaborative project. The $5.5 million joint development will work to develop a new method of hydrogen production via methane pyrolysis, utilizing Acceleware's CTI and Aurora's unique reactor. Discussions with Aurora are ongoing, however Acceleware is also developing alternative hydrogen pathways including engaging with other hydrogen technology providers looking to use CTI for hydrogen production.

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

- 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 from 44 at the end of 2022 to a total of 55 now.

The Company now has 21 patents granted or allowed to protect various proprietary technologies related to Acceleware's intellectual property, and 34 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 its RF heating and CTI technology 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 on television, radio, and online. Several new blog posts and videos have been released via social media recently 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. Acceleware presented at the Global Energy Show in Calgary in June 2023, and was one of three Canadian Clean-Tech companies invited by the Innovation Asset Collective to participate in their panel at the Science Summit at the United Nations General Assembly (UNGA 78) in September 2023.

RF XL Pilot Update

In 2022, the fibre optic distributed temperature sensing ("DTS") system in the heating well was damaged during a maintenance operation. After the DTS break, RF power was reduced for safety and a plan for a heating well workover was developed. The workover commenced in October 2022 and remains ongoing.

As previously communicated in the MD&A for the year ended December 31, 2022, the Acceleware team was able to complete an inspection of the removable and non-removeable components of the proprietary down-hole RF XL system. The inspection activities included visual inspection, various electrical and mechanical measurements, down-hole video analysis and other engineering techniques to obtain detailed data on the condition of the components. This inspection enabled the team to identify several opportunities expected to improve the performance of the RF XL system and rectify issues that required repair. These upgrades and repairs would not have been possible without pausing operations to perform the replacement of the distributed temperature sensing system ("DTS") and have resulted in the addition of valuable intellectual property.

The Acceleware team re-commenced on-site workover operations on August 8, 2023 after completion in the first half of 2023 of extensive design, procurement, shop testing and de-risking of repaired parts, upgraded components, run-in-hole procedures, and deployment tooling. While challenges were encountered in redeploying upgraded components subsurface, to the best of the Company's management's knowledge, the RF XL Pilot has demonstrated greater success than any radio frequency pilot to date. The Company has met with its industry partners to develop and discuss options to resume testing. Technical plans and next steps for resuming operations were designed following these collaborative discussions. Each alternative plan has a range of probability, cost and timeline for deployment. Although the challenge in resuming operations results in additional cost and time, the updated technical plans allow Acceleware to deploy upgraded components to improve operations or address known concerns. Acceleware remains encouraged by the operation of the RF XL Pilot, in particular no known operability concerns of the RF XL technology itself.
Acceleware is looking to proceed with the option that has the highest probability of success and lowest risk, backed by the most partner support. Upon successful completion of these final workover steps, RF XL components and DTS will be reassembled, and heating operations will resume. Completion of the remaining workover tasks is expected to result in increased power injected into the reservoir, and in turn a meaningful increase in reservoir temperature within a few months of resuming heating. The final timing and cost of the workover remains dependent on financing, partner investment, availability of service rigs, weather conditions at site, supply chain availability, delivery timing, and the successful deployment of repairs and components. [*]

[*] 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.

Using the most likely scenarios moving forward, Acceleware estimates a range of net cost for the RF XL Pilot of between $30 million and $33 million. Net cost includes estimated gross costs of between $31 million and $35 million offset by an estimated $1.0 million to $2.0 million in proceeds from the sale of produced oil. Estimated proceeds from the sale of produced oil have been determined for the economic life of the RF XL Pilot well. There is uncertainty in the cost estimate stemming from the number of alternatives being studied, each with its own cost profile. There is also uncertainty in estimating proceeds from the sale of produced oil due to fluctuating oil prices and simulated production volumes. Operating and maintenance cost estimates remain subject to fluctuating commodity prices, in particular electricity, supply chain disruption costs and any additional unforeseen mechanical or electrical engineering costs that could still potentially be encountered in a complex, commercial scale pilot program of this nature. While the RF XL Pilot heating phase was planned for at least six months, this period will be extended in light of the workover to allow Acceleware to capture additional information on the operation of the technology and its efficiency. [*]

As of November 21, 2023, total direct funding committed to the RF XL Pilot included $5.9 million from Alberta Innovates, $5.5 million from Sustainable Development Technology Canada ("SDTC"), $5 million from Emissions Reduction Alberta ("ERA"), $3 million from CRIN and up to $6 million from three consortium members. All three consortium members of the RF XL Pilot have each committed up to $2 million in funding and technical expertise. In exchange for this funding, Acceleware will provide 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 Q3 2023 remained conservative as the Company continued to determine thoughtful and cost-conscious final steps in the workover for the RF XL Pilot. A workover program began in late 2022 and continues to date. Construction work on the RF XL Pilot was completed in early March 2022, followed by commencement of operations which continued throughout most of 2022 until operations were paused for the workover. RF XL Pilot expenses as at September 30, 2023 were approximately $28.0 million (December 31, 2022 - $25.9 million). The remaining cash committed but not yet received from SDTC, ERA, and CRIN including holdbacks receivable was $3.5 million as at September 30, 2023 (December 31, 2022 – $1.0 million receivable from SDTC, ERA and Alberta Innovates) and amounts committed but not yet received or receivable from three major oil-sands producers were $1.4 million as at September 30, 2023 (December 31, 2022 – $1.4 million).

Since the onset of the global pandemic, there has been economic volatility precipitated by political events and regulatory reactions. The Company implemented several operational responses to address identified challenges including increased costs for materials and services, tempered access to capital and funding from the oil and gas industry and public markets, and declines in demand for certain software used in the oil and gas industry.

The operational responses include a variety of proactive measures such as:

- successfully closing additional funding,
- reducing reliance on international suppliers by sourcing from Canadian companies,
- engaging with a broader group of funders,
- cost effectively increasing communications with stakeholders regarding progress and technology,
- reducing travel and entertainment and other discretionary spending, and
- implementing flexible terms of engagement with contractors and employees.

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QUARTER IN REVIEW

Revenue of $0.1 million was generated in the three months ended September 30, 2023 compared to $0.1 million in the three months ended September 30, 2022 ("Q3 2022") and $0.1 million in the previous quarter ended June 30, 2023 ("Q2 2023"). Revenue in Q3 2023 included software and maintenance revenue. Revenue was slightly stronger in Q3 2023 in the HPC segment for FDTD software compared to Q3 2022 and Q2 2023 but was lower for seismic software due to less demand. There continues to be variability in the RF Heating segment for revenue related to services in applying CTI to industrial heating. While interest has increased in the intelligent electric heating service offering, there was no revenue in Q3 2023. Acceleware did not receive any data revenue payments during Q3 2023, Q3 2022 or Q2 2023 for the RF XL Pilot. These payments, when historically received, were recorded in deferred revenue. Data revenue equal to the amount recorded in deferred revenue will be recognized as revenue at the end of the RF XL Pilot or when the data contracts are terminated, whichever is earlier.

Total comprehensive loss for Q3 2023 was $1.3 million compared to a comprehensive loss of $1.0 million for Q3 2022 and a comprehensive loss of $1.1 million for Q2 2023. Comprehensive loss in all periods was impacted by changes in value of the derivative financial instruments embedded within the convertible debenture. These fluctuations are driven primarily by the fluctuation in the Company's share price. Additionally, comprehensive loss was higher for higher interest costs related to current liabilities funding the Company's working capital and fluctuating levels of R&D spending and government assistance for R&D activities.

Gross R&D expenses incurred in Q3 2023 were $0.8 million compared to $0.6 million in Q3 2022 and $0.6 million in Q2 2023. R&D spending was higher in Q3 2023 compared to Q3 2022 and Q2 2023 due to on-site workover activities. Government assistance received in Q3 2023 was $0.1 million and nil in Q3 2022 and Q2 2023. 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 for 2021 and 2022 and received and recognized $0.4 million in Q1 2023 and $0.1 million in Q3 2023. In Q3 2022 and Q2 2023 there was $nil million government assistance received and recognized related to the RF XL Pilot. Government assistance offsets gross R&D costs.

General and administrative ("G&A") expenses incurred in Q3 2023 were $0.6 million compared to $0.5 million in Q3 2022 and $0.5 million in Q2 2023. There were higher non-cash payroll related costs incurred in Q3 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.

YEAR TO DATE IN REVIEW

Revenue of $0.2 million was generated from the Company's software, maintenance and services revenue streams for the nine months ended September 30, 2023 compared to $0.3 million for the nine months ended September 30, 2022. Although revenue is more diversified in 2023 with a significant contribution from services revenue, revenue was lower due to lower demand for HPC software and maintenance revenue. Services revenue relates to RF simulation and experimental studies paid by customers interested in applying CTI for their industrial heating needs. Industries outside heavy oil have also become interested in utilizing CTI for industrial heating, including mining, agriculture, and hydrogen. Acceleware did not receive any non-refundable milestone cash payments during the nine months ended September 30, 2022 compared to $1.2 million received during the nine months ended September 30, 2022. When received, these payments are recorded in deferred revenue.

Total comprehensive loss for the nine months ended September 30, 2023 was $2.7 million compared to $3.8 million for the nine months ended September 30, 2022 due to lower R&D spending for the RF XL Pilot. There are fluctuations in both periods related to changes in fair value of the derivative financial instruments embedded in the convertible debentures and interest expense due to short- and long-term debt financing.

Gross R&D expenses for the nine months ended September 30, 2023 were $2.2 million compared to $4.5 million incurred during the nine months ended September 30, 2022 due to lower cost R&D activity on the RF XL Pilot during

the nine months ended September 30, 2023. There was a significant amount of non-recurring installation costs for the RF XL Pilot incurred in the early part of 2022. Federal and provincial government assistance of $0.6 million was recognized in the nine months ended September 30, 2023 compared to $1.3 million for the nine months ended September 30, 2022 as the ERA and SDTC and Alberta Innovates grants for the RF XL Pilot near completion.

G&A expenses incurred during the nine months ended September 30, 2023 were $1.4 million compared to $1.5 million for the nine months ended September 30, 2022 a decrease of $0.1 million primarily due to lower salaries as the Company continues to prioritize cost management, partially offset by higher non-cash payroll related costs for option grants.

As at September 30, 2023, Acceleware had negative working capital of $2.6 million (December 31, 2022 – negative working capital of $0.6 million) including cash and cash equivalents of $0.3 million (December 31, 2021 – $1.1 million). The decrease in working capital is attributable to the timing of receipt and recognition of government and partner funding and related R&D spending. During the nine-months ended September 30, 2023, Acceleware submitted the first claim for reimbursement under the new $3 million CRIN grant funding agreement noted above. No amounts have been received as of November 21, 2023. Increasing the deficit is deferred revenue of $4,350,000 as at September 30, 2023 (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 its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available.*

STRATEGIC UPDATE

In 2023, Acceleware is focusing on RF XL as the primary strategic revenue-generating and investment technology while pursuing additional applications for the use of the CTI to decarbonize industrial heating across a wide range of heavy emitting industries. 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 the CTI 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 the convertible debenture private placement in Q1 and Q2 2022 and the units offering private placement in Q4 2022 and Q3 2023, all of which included common share purchase warrants. 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, should further funding be required. 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 CTI applications will be supported by a combination of grant funding, client revenues, and external investment targeted specifically on these projects.

* 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.

RF XL

The focus for RF XL for the remainder of 2023 and 2024 is to use the RF XL Pilot to demonstrate significant RF power injection into the reservoir, and show 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 preparation for the RF XL Pilot, 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. Additionally, Acceleware has raised a further $6 million in funding for its RF XL Pilot from three major oil sands producers. 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 of its Experimental Recovery Scheme Application under the Oil Sands Conservation Act from the AER 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 a maintenance workover in October 2022. The Company continues to make progress on the workover.

Clean Tech Inverter Applications

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 industries. Initial focus for Acceleware in these markets will be hydrogen production, and drying of agricultural, food, and mining products including the potash drying project with IMII, mentioned above. While Acceleware will pursue a direct sales model for the RF XL solution in the heavy oil and oil sands sector, the Company intends to 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 AxRTM, AxWave, AxFWI, and AxFDTD as the primary strategic revenue-generators and investments. 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.

The Company continues to market AxRTM, AxWave and AxFWI, which are GPU-accelerated and CPU-optimized seismic solutions, providing a multi-fold performance increase over alternative solutions, resulting in reduced processing times and enabling expedited drilling decisions for the oil and gas industry.

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.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, cash generated (used) in operating activities, total comprehensive loss and loss per share for the eight most recently completed quarters ended September 30, 2023.

	2023			2022				2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$62,467	$69,407	$103,547	$73,056	$53,282	$119,548	$82,407	$87,031
Cash generated (used) in operating activities	(734,824)	(963,794)	(344,062)	(613,464)	(216,211)	(2,351,313)	(1,401,272)	(1,440,665)
Total comprehensive loss for the period	(1,272,006)	(1,135,498)	(255,617)	(1,345,913)	(1,000,346)	(891,033)	(1,904,876)	(1,755,118)
Loss per share basic and diluted	($0.01)	($0.01)	($0.002)	($0.01)	($0.01)	($0.01)	($0.02)	($0.02)

The Company's software revenue model results in relatively few overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. 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 loss and loss per share.

RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2023

Revenue	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
Software	**$ 33,243**	$ 8,652	$ 10,045	284%	231%
Maintenance	**29,224**	44,630	35,552	-35%	-18%
Services	-	-	23,810	N/A	-100%
	$ 62,467	$ 53,282	$ 69,407	17%	-10%

Revenue was $62,467 in Q3 2023, 17% higher compared to $53,282 in Q3 2022 and 10% lower compared to $69,407 in Q2 2023. The fluctuations were driven mainly by lower revenue for maintenance and services in the RF Heating segment.

RF Heating Revenue	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
Maintenance	-	4,500	1,500	-100%	-100%
Services	-	-	23,810	N/A	-100%
	$ -	$ 4,500	$ 25,310	-100%	-100%

RF Heating revenue was $nil in Q3 2023 compared to $4,500 in Q3 2022 and $25,310 in Q2 2023. Revenue was lower than in Q3 2022 and Q2 2023 due mainly to lower services revenue for RF simulation and experimental studies paid by customers interested in applying CTI for their industrial heating needs. Although services revenue was lower in

Q3 2023 compared to Q3 2022 and Q2 2023, industry interest has remained strong for applications of CTI in industries such as mining, hydrogen and agricultural drying.

HPC Revenue	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
Software	**$ 33,243**	8,652	$ 10,045	284%	231%
Maintenance	**29,224**	40,130	34,052	-27%	-14%
	$ 62,467	48,782	$ 44,097	28%	42%

HPC revenue was $62,467 in Q3 2023 compared to $48,782 in Q3 2022 and $44,097 in Q2 2023. Revenue was 28% higher in Q3 2023 compared to Q2 2022 and 42% higher than in Q2 2023 due to fluctuating demand for the Company's HPC software from existing customers.

Expenses	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
General & administrative	**$ 562,325**	531,716	529,487	6%	6%
Research & development	**678,759**	592,443	637,633	15%	6%
	$ 1,241,084	$ 1,124,159	$ 1,167,120	10%	6%

Expenses were $1,241,084 in Q3 2023, 10% higher compared to $1,124,159 in Q3 2022 and 6% higher compared to $1,167,120 in Q2 2023. Gross R&D expenses were higher in Q3 2023 compared to both Q3 2022 and Q2 2023 due to higher on-site activity on the workover for the RF XL Pilot during Q3 2023. Also impacting R&D expenses are the amounts recognized for government assistance. There was $119,785 recognized in Q3 2023 compared with $nil recognized in Q3 2022 and Q2 2023. G&A expenses were higher in Q3 2023 compared to Q3 2022 and Q2 2023 due to higher non-cash payroll related costs related to share based compensation for the timing of option grants and higher professional fees and lower salaries as the Company continues to prioritize cost control.

RF Heating Expenses	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
General & administrative	**$ 496,024**	405,533	464,861	22%	7%
Research & development	**678,759**	592,443	637,633	15%	6%
	$ 1,174,783	**$** 997,976	**$** 1,102,494	18%	7%

RF Heating expenses were $1,174,783 in Q3 2023, 18% higher compared to $997,976 in Q3 2022 and 7% higher compared to $1,102,494 in Q2 2023. R&D expenses incurred in the workover were higher in Q3 2023 compared to Q3 2022 and Q2 2023 due to on-site workover activities in Q3 2023. G&A expenses were higher compared to Q3 2022 and Q2 2023 due to fluctuations in non-cash payroll related costs related to share based compensation for the timing of options grants and higher professional fees and lower salaries as the Company continues to prioritize cost control.

HPC Expenses	**Three months ended September 30, 2023**	Three months ended September 30, 2022	Three months ended June 30, 2023	% change Q3 2023 over Q3 2022	% change Q3 2023 over Q2 2023
General & administrative	**$ 66,301**	126,183	64,626	-47%	3%

HPC expenses were $66,301 in Q3 2023, 47% lower compared to $126,183 in Q3 2022 and 3% higher compared to $64,626 in Q2 2023. G&A expenses in the HPC segment were lower in Q3 2023 compared to Q3 2022 as the Company was focused on the RF XL Pilot and were higher compared to Q2 2023 due to fluctuations in non-cash payroll related costs for share based compensation for timing of option grants.

RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2023

Revenue	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2023 over 2022
Software	**$ 62,468**	$ 111,659	-44%
Maintenance	**101,643**	143,578	-29%
Services	**71,310**	-	N/A
	$ 235,421	$ 255,237	-8%

The Company recognized revenue of $235,421 in the nine months ended September 30, 2023, an 8% decrease over the nine months ended September 30, 2022 primarily due to lower RF Heating software revenue and lower HPC maintenance revenue, despite increased RF Heating services revenue. Services revenue relates to RF simulation and experimental studies paid by customers interested in applying CTI for their industrial heating needs. Industries outside heavy oil have also become interested in utilizing CTI for industrial heating, including mining, agriculture, and hydrogen.

RF Heating Revenue	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2023 over 2022
Software	**$ -**	$ 85,000	-100%
Maintenance	6,000	4,500	33%
Services	71,310	-	N/A
	$ 77,310	$ 89,500	-14%

RF Heating revenue was lower for the nine months ended September 30, 2023 at $77,310 compared to $89,500 in the nine months ended September 30, 2022. Services revenue generated in 2023 relates to studies with customers interested in applying CTI for intelligent electric heating needs. Revenue in 2022 was driven by sales of the Company's AxHEAT RF heating simulation software to major oil sands producers in connection with data revenue agreements. Since 2018, the Company has been successful selling data revenue agreements to major oil sands producers which provide the customer with the right to access and use data obtained from the RF XL Pilot. Under IFRS 15 Revenue from Contracts with Customers, these contracts do not meet all requirements for revenue recognition over-time, therefore revenue recognition defaults to the end of the contract. As at September 30, 2023, deferred revenue of $4,350,000 (December 31, 2022 - $4,350,000) has been recorded under these contracts for amounts that have been received in cash, and will be recognized as revenue once heating is complete or the contracts are terminated, whichever is earlier.

HPC Revenue	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2023 over 2022
Software	**$ 62,468**	$ 26,659	134%
Maintenance	**95,643**	139,078	-31%
	$ 158,111	$ 165,737	-5%

HPC revenue was $158,111 in the nine months ended September 30, 2023, a decrease of 5% compared to $165,737 in the nine months ended September 30, 2022 due fluctuating demand for the Company's high performance computing software and fewer maintenance contracts renewals.

Expenses	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2023 over 2022
Cost of revenue	**$ -**	$ 18,748	-100%
General & administrative	**1,414,751**	1,504,843	-6%
Research & development	**1,634,737**	3,125,602	-48%
	$ 3,049,488	$ 4,649,193	-34%

Expenses decreased 34% in the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, due primarily to higher activity levels for the RF XL Pilot in 2022 and lower salaries and professional costs in 2023 as the Company continues to prioritize cost management. R&D expenses in 2023 were 48% lower than in 2022 as construction work was undertaken and completed on the RF XL Pilot in early 2022 and operations began thereafter. These costs were higher than the workover costs incurred in 2023. G&A expenses were 6% lower in 2023 due to the aforementioned reasons, partially offset by increases in non-cash payroll related expenses which are driven by the timing of option grants.

RF Heating Expenses	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2022 over 2021
Cost of revenue	**$ -**	$ 18,748	-100%
General & administrative	**1,251,063**	1,139,500	10%
Research & development	**1,634,737**	3,125,602	-48%
	$ 2,885,800	$ 4,283,850	-33%

RF Heating expenses decreased 33% in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 due to decreased activity on the RF XL Pilot as noted above. G&A expenses in Q3 2023 increased from Q2 2022 due to higher non-cash payroll related costs incurred in 2023 which fluctuate based on the timing of option grants.

HPC Expenses	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022	% change 2022 over 2021
General & administrative	**$ 163,688**	$ 365,343	-55%

HPC expenses of $163,688 in the nine months ended September 30, 2023 decreased 55% compared to $365,343 in the nine months ended September 30, 2022 as the Company continues to focus the majority of its resources on the RF XL Pilot.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2023, Acceleware had negative working capital of $2,616,885 (December 31, 2022 – negative working capital of $635,642) including $313,616 in cash and cash equivalents (December 31, 2022 - $1,146,468) and $580,000 in short-term promissory notes payable (December 31, 2022 - $nil). For both periods, 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 Q3 2023, Acceleware submitted the first claim for reimbursement under the new $3 million CRIN grant funding arrangement noted above. No amounts have been received as of November 21, 2023. Cash and cash equivalents decreased due to timing of payments of trade payables. Increasing the deficit is deferred revenue of $4,350,000 as at September 30, 2023 (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 $743,824 for the three months ended September 30, 2023 compared to cash flows used in operations of $216,211 for the three months ended September 30, 2022. Cash used in operations before changes in non-cash working capital was $958,111 for Q3 2023 compared to cash used in operations before changes in non-cash working capital of $999,247 in Q3 2022.

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 workover for the commercial-scale pilot test of the RF XL technology 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

[*] 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

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 workover for the commercial-scale pilot test of the RF XL technology 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 September 30, 2023 decreased to $550,196, compared to $1,034,940 as at December 31, 2022 due to payments of government assistance receivable for work completed on the RF XL Pilot. 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 September 30, 2023, the Company had current liabilities of $3,730,921 compared to current liabilities of $3,080,375 as at December 31, 2022. The change in current liabilities is due to $580,000 promissory notes bearing interest at an annual effective rate of 18.5% issued in Q3 2023 and an increase in deferred compensation owing to management. Included in accounts payable and accrued liabilities as at September 30, 2023 is $1,003,072 of deferred compensation for amounts owing to management (December 31, 2022 – $779,665).

On December 3, 2022, the Company signed a promissory note payable for $678,774, bearing interest at 9.45% per annum and secured with a general security agreement over the Company's assets. The principal amount of the promissory note is included in other current liabilities as at September 30, 2023 and December 31, 2022. As at September 30, 2023, $746,849 of principal and accrued interest remains outstanding and the counterparty has agreed to amended terms. Repayment is expected on or about December 31, 2023 and the interest rate was increased to 11.85% per annum as of July 1, 2023.

Non-current Liabilities

As at September 30, 2023, the Company had non-current liabilities of $6,167,715 compared to $6,607,471 as at December 31, 2022. The decrease is 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 September 30, 2023, 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 September 30, 2023 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 facing the Company since December 31, 2022. 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, 2022.

TRANSACTIONS WITH RELATED PARTIES

For the three months ended September 30, 2023, the Company incurred expenses in the amount of $45,938 (three months ended September 30, 2022 - $45,938) and $138,578 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $137,813) 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 September 30, 2023, $252,137 was included in accounts payable and accrued liabilities (December 31, 2022 - $206,902). These fees were incurred in the normal course of operations and in the opinion of the Company's management represent fair value for services rendered.

For the three months ended September 30, 2023, the Company incurred expenses in the amount of $36,000 (three months ended September 30, 2022 - $36,000) and $108,000 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $108,000) with a company controlled by a close family member of an officer of the Company for communications and other services, and this amount is included in general and administrative expense. As at September 30, 2023, $80,550 was included in accounts payable and accrued liabilities (December 31, 2022 - $44,750). These fees were incurred in the normal course of operations and in the opinion of the Company's management represent fair value for services rendered.

For the three months ended September 30, 2023, the Company incurred expenses in the amount of $2,380 (three months ended September 30, 2022 - $nil) and $2,380 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $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 September 30, 2023, $800 was included in accounts payable and accrued liabilities (December 31, 2022 - $nil). These fees were incurred in the normal course of operations and in the opinion of the Company's management represent fair value for services rendered.

During the three months ended September 30, 2023, the Company issued promissory notes totaling $230,000 bearing interest at an annual effective rate of 22% repayable within six months of issuance to officers and directors of the Company in the normal course of operations. In the opinion of the Company's management, these transactions represent fair value. The promissory notes, including accrued interest, are included in other current liabilities on the statement of financial position.

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

	Three months ended September 30, 2023	Three months ended September 30, 2022	**Nine months ended September 30, 2023**	Nine months ended September 30, 2022
Salaries and short-term employee benefits	**$ 211,023**	$ 226,624	**$ 640,900**	$ 722,522
Share-based expenses	**142,375**	42,483	**299,276**	158,238
	$ 353,398	$ 269,107	**$ 940,176**	$ 880,760

CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES

The Management's Discussion and Analysis for the year ended December 31, 2022 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, 2022.

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	118,301,043
Stock Options	10,889,998
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, 2022 that are available on www.sedarplus.ca and as noted below.

Research and Development	**Three Months Ended September 30, 2023**	Three Months Ended September 30, 2022
Salaries	**242,396**	$ 314,540
Consulting	**79,372**	90,917
R&D supplies and materials	**327,188**	151,698
Share-based payments	**130,940**	13,945
Depreciation	**5,163**	13,485
Rent and overhead Allocation	**13,485**	7,858
Alberta's Innovation Employment Grant	**(119,785)**	-
Total	**678,759**	$ 592,443

General and Administration	**Three Months Ended September 30, 2023**	Three Months Ended September 30, 2022
Salaries	**204,872**	$ 245,473
Professional Fees	**140,132**	100,114
Share Based Payments	**80,174**	43,703
Rent, Office and Public Company Fees	**83,671**	86,018
Marketing	**45,242**	46,902
Depreciation	**5,163**	7,858
Travel	**3,071**	1,648
Total	**562,325**	$ 531,716