ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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 nine months ended September 30, 2017, 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, 2016, 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 November 22, 2017. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

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

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing if required;
- projections of sales increases through focus on the oil and gas exploration and development market, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- the expectation of software and services revenue growth in the oil and gas sector;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- the future growth prospects for radio frequency ("RF") heating technology for heavy oil and oil sands based on technical and economic feasibility analyses and testing performed to date;
- the patentability of concepts developed through RF heating research and development efforts;
- advantages to using Acceleware's products and services;
- the demand for new products currently under development at the Company;
- ease and efficiency of implementing Acceleware's products and services; and
- supply and demand for Acceleware's primary products and services.

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

- that the cost savings initiatives taken to date, coupled with the future revenue and cash flow expected by the Company's management ("Management") and ability to attract new financing, will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively affected by general

economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;

- that the world price of oil will rebound within the next 12 to 24 months;
- that the preliminary analyses, lab testing and field testing the Company has performed to date regarding the technical and economic feasibility of RF technology for heating of heavy oil and oil sands will be confirmed in practise;
- that the RF heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that it will be able to increase sales of its products and services by focusing on key vertical markets, increasing the number of ISV partners, and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company may not be able to successfully attract and integrate its offerings into ISVs' products and that its research and development efforts may be unable to develop continuous improvements; and
- that it will be able to withstand the impact of increasing competition – which is subject to the risk that the adoption of graphics processing unit ("GPU") computing (and any future hardware platform utilized by the Company) may be negatively affected by future advances in competing technology.

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

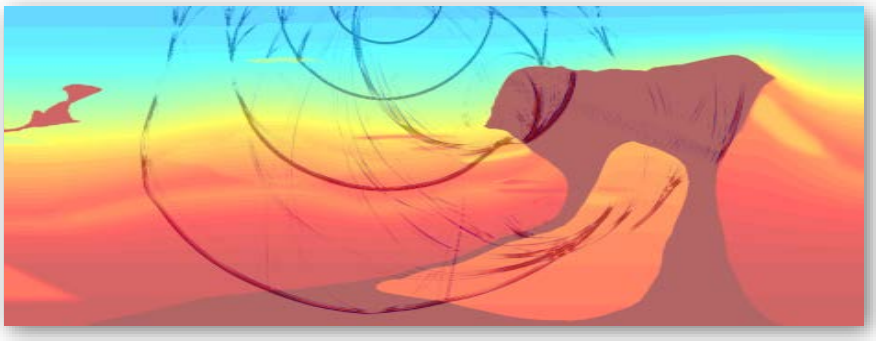
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability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

Company Overview

Acceleware is an oil and gas technology development company, with activities in two segments. Acceleware's primary revenue source involves High Performance Computing ("HPC") software and services primarily for the oil and gas industry. Acceleware provides seismic imaging software that enables oil and gas companies to find hydrocarbons in the most complex geological formations. In addition to off-the-shelf software, Acceleware offers customized scientific software and custom HPC software development services for oil and gas customers. Acceleware also sells solutions selectively outside of the oil and gas sector. In addition to software and services, Acceleware's primary research and development initiative involves developing and commercializing technology to utilize radio frequency electro-magnetic ("EM") energy to heat heavy oil and oil sands deposits to facilitate extraction.

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

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

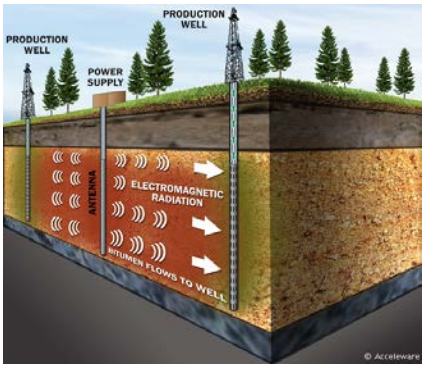


Acceleware provides custom HPC software development, consulting services and training to oil and gas companies such as ExxonMobil, GeoTomo, Saudi Aramco, Rock Solid Imaging, EMGS, Repsol, and Woodside. These companies utilize Acceleware's expertise to improve the performance of their scientific computing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

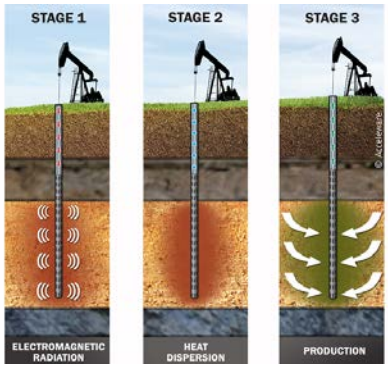
In 2010, Acceleware began investigating the technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing seven years, Acceleware has filed four patent applications for RF heating technology, and has developed leading edge simulation software. Additional patent applications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

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

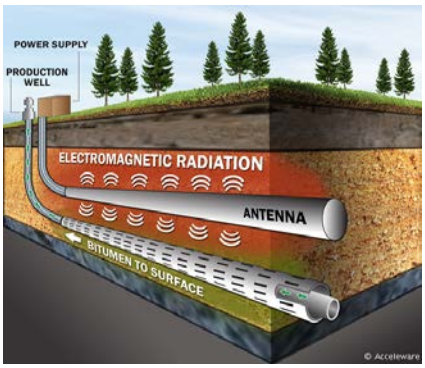
RF heating can be used in a variety of vertical and horizontal well arrangements.



Multiple Vertical – RF flood

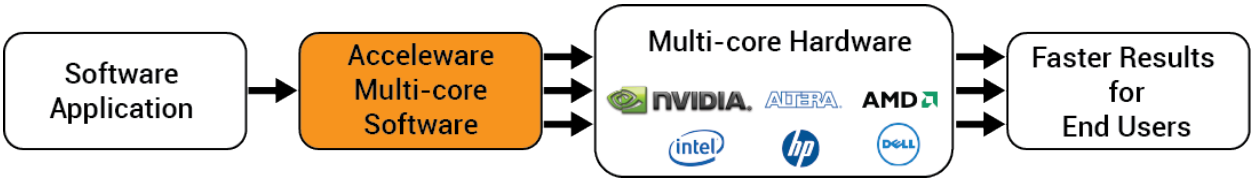


Single Vertical – Cyclic RF flood



Horizontal – RF injector

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



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

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

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

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

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. As at September 30, 2017, Acceleware had 20 employees including: 2 in administration; 3 in sales, marketing, and product management; and 15 in research and development.

Overall Performance

During the three months ended September 30, 2017 (Q3 2017), Acceleware continued to invest in RF heating research and development. After a successful 1/20 scale field test, activities were focused on preparation for a commercial-scale test of the RF XL technology. Development activities included filing one new patent application, preparation of five additional potential patent applications, and working with service companies on proprietary well and well pad designs. On November 3, 2017, the Company announced that it had been awarded $10 million in financing for the commercial-scale test from Sustainable Development Technology Canada and Emissions Reduction Alberta. The funding is conditional on securing a suitable oil sands partner and test site. In addition to the funding announcement and technology development activities, the Company also made progress in the identification of an oil sands partner and the selection of a commercial-scale test site. Acceleware has been in discussions with three potential oil sands operating partners, and several simulations were conducted of potential oil sands test sites using the Company's AxHeat software. Acceleware generated revenue in its RF heating segment through the sale of AxHeat in the three months ended September 30, 2017 (Q3 2017). The Company's software and services business experienced a challenging oil and gas market in Q3 2017, with decreased software product revenue compared to the three months ended September 30, 2016 (Q3 2016), however a slight rebound was recorded compared to the three months ended June 30, 2017 (Q2 2017). Software maintenance, particularly seismic imaging software increased in Q3 2017 compared to both Q2 2017 and Q3 2016. Software consulting services revenue decreased significantly in Q3 2017 compared to both Q3 2016, and Q2 2017 due to decreased training revenue. For the nine months ended September 30, 2017, revenue was lower than for the nine months ended September 30, 2016 due to lower product revenue and despite higher maintenance and consulting revenue.

During the three months ended September 30, 2017, Acceleware recognized revenue of $237,576 - 35% lower than the $366,675 recognized during the three months ended September 30, 2016. The decrease is a result of lower software product and software services revenue. Revenue in Q3 2017 also decreased 24% compared to the $312,612 recorded in Q2 2017 due to lower software product and software services revenue including notably lower consulting services for training. On a segmented basis, the Company recorded $20,700 in RF heating revenue in Q3 2017 compared to no revenue in either Q3 2016 or Q2 2017. Software and services revenue was 41% lower at $216,876 in Q3 2017 compared to $366,675 in Q3 2016, due in large part to decreased services revenue including training. Software and services revenue was also 31% lower in Q3 2017 compared to $312,612 in Q2 2017 again due to lower training services revenue. For the nine months ended September 30, 2017 revenue decreased 14% to $1,048,377 from $1,219,530 in the nine months ended September 30, 2016 due to lower seismic imaging product revenue.

The Company had total comprehensive loss for Q3 2017 of $913,738, an increase of 181% compared to a total comprehensive loss of $324,722 for Q3 2016. The higher total comprehensive loss is a result of higher research and development (R&D) investment, higher general and administrative (G&A) expenses in the RF heating business, and lower revenue in the software and services business, combined with a significant loss on derivative instruments associated with the Company's convertible debentures. Total comprehensive loss increased 43% in Q3 2017 to $913,738 compared to $641,197 in Q2 2017, due to lower revenue and the loss on derivatives (the Company recorded a gain on derivative instruments in Q2 2017).

For the nine months ended September 30, 2017 total comprehensive loss was $2,003,794, an increase of 90% compared to a loss of $1,056,272 recorded in the nine months ended September 30, 2016. The increase is a result of greater investment in research and development (R&D) and higher general and administrative (G&A) expenses, and higher finance expense (accrued interest and accretion) associated with convertible debentures.

On a segmented basis, loss from operations attributed to the RF heating segment was 39% higher in Q3 2017 at $537,838 compared to $385,802 in Q3 2016, due to higher investment in R&D and higher G&A expense. Operating loss for RF heating was 26% lower in Q3 2017 compared to the loss of $753,686 recorded in Q2 2017 due to lower R&D and G&A expenses. Operating income attributed to software and services decreased to a loss of $136,436 in Q3 2017, compared to income of $79,434 in Q3 2016 due to lower revenue, higher investment in R&D, and higher G&A expense. Software and services operating loss was also lower in Q3 2017 compared to the loss of $23,107 recorded in Q2 2017 due to lower revenue.

For the nine months ended September 30, 2017, RF heating operating loss increased 43% to $1,684,016 from $1,176,754 for the nine months ended September 30, 2016 due to higher R&D investment, higher G&A expense related to stock based compensation, and despite higher revenue. For the nine months ended September 30, 2017 software and services operating loss was $145,930 compared to operating income of $192,282 for the nine months ended September 30, 2016 due to lower seismic product revenue.

Cash flow used in operating activities increased 502% to $721,543 in Q3 2017 compared to $256,971 in Q3 2016 due to the loss and a higher investment in working capital. Cash flow used in operations was also significantly higher in Q3 2017 compared to Q2 2017, rising 623% from $99,769 due to increased investment in working capital. During the nine months ended September 30, 2017 cash used in operations was significantly higher at $1,684,306 compared to $491,825 used in the nine months ended September 30, 2016. The increase is a result of increased loss and higher investment in working capital.

At September 30, 2017, Acceleware had $1,058,126 (December 31, 2016 - $1,616,415) in working capital, including $1,094,132 (December 31, 2016 - $1,922,318) in cash and cash equivalents, and $61,046 (December 31, 2016 - $58,095) in combined short-term and long-term debt in the form of finance leases. On September 26, 2017, the Company closed a non-brokered private placement consisting of 4,651,066 units at a price of $0.18 per unit for gross proceeds of $837,192, and proceeds net of issue costs of $823,486. Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of $0.27 per common share for a period of two years. At September 30, 2017, the Company had $998,175 (December 31, 2016 - $928,800) (principal plus accrued interest) in convertible debentures that accrue interest at 10% per year. The decrease in cash (and consequently working capital) is a result of the comprehensive loss incurred in the nine months ended September 30, 2017, and an increased investment in working capital, offset by the proceeds from the private placement. The increase in working capital other than cash is a result of the decrease in accounts payable and accrued liabilities such as deferred salaries and other payroll liabilities. On November 17, 2017, the Company forced conversion of the convertible debentures, exercising the option to convert all outstanding principal and accrued interest into 6,762,014 units of one common share of the Company plus ½ common share purchase warrant.

Within its software and services business, the Company actively manages its cash flow and investment in new products to match its cash requirements to cash generated from operations. In order to maximize cash generated from operations, the Company plans to continue to focus on high gross margin revenue streams such as software products, consulting services and training; to focus on selected core vertical markets; to minimize operating expenses where possible; and to limit capital expenditure. As the Company continues to develop its RF heating technology, new research and development investments will be financed through a combination of internal cash flow from the software and services business, and external financing. Management believes that successful execution of its business plan will result in sufficient cash flow and new financing to fund projected operational and investment requirements. However, no assurances can be given that the Company will be able to achieve all or part of the objectives discussed above, or that sufficient financing from outside sources will be available. Further, if the Company's operations are unable to generate cash flow levels at or above current projections, the Company may not have sufficient funds to meet its obligations over the next twelve months. Should such events occur, Management is committed to implementing all

or a portion of its contingency plan. This plan has been developed and designed to provide additional cash flow, and includes, but is not limited to, deferring certain additional product development initiatives, reducing sales, marketing and general and administrative expenses, and seeking outside financing. The failure of the Company to achieve one or all of the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Recent Highlights and Events

November 3, 2017 - Acceleware announced it has been awarded a $10 million non-repayable contribution to complete a commercial-scale field test of its ground-breaking clean energy technology for bitumen and heavy oil extraction. The funding will be provided by Sustainable Development Technology Canada (SDTC) and Emissions Reduction Alberta (ERA) in accordance with their mandates to bring clean technologies to market that are economically viable and reduce GHG emissions. The funding is contingent upon the execution of contribution agreements with both SDTC and ERA and a partnership with an oil sands producer to complete the commercial scale field test. Acceleware is in the process of finalizing a partnership with one or more oil sands producers as required to complete this commercial-scale field test in an oil sands reservoir.

September 26, 2017 – Acceleware closed a non-brokered private placement of units (the "Units"). Each Unit consists of one common share of the Company (a "Common Share") and one-half of one common share purchase warrant of the Company (a "Warrant"). Each whole Warrant entitles the holder of the Warrant to acquire one common share of the Company, at an exercise price of $0.27, for a period ending on September 26, 2019. Pursuant to the Private Placement, the Company distributed a total of 4,651,066 Units, at a price of $0.18 per Unit, for total proceeds of $837,191.88.

June 13, 2017 – Acceleware Ltd. won the 2017 Global Petroleum Show Award for Emerging Clean Technology relating to the Company's patent-pending RF heating technology. The Global Petroleum Show (GPS) hosts an annual awards process to recognize and celebrate leaders that drive change and evolution in the energy industry. Judging was completed by an independent panel of 20 industry experts.

March 23, 2017 – Acceleware Ltd. announced that it successfully completed the first phase of a multi-phase field test program for its RF XL enhanced oil recovery technology. Acceleware also announced that it has sold the data and a report from the test to an oil sands producer. Phase One of the multi-stage program involved a near-surface test of RF XL. The test was run at 1/20 of commercial scale power and length to validate core design elements of the solution. RF XL is designed to optimize RF heating for oil production in five main ways:

1. the system utilizes a unique RF transmission line system that is able to carry high levels of RF power;
2. the transmission line system is highly efficient;
3. the system delivers heat to the formation quickly after start-up;
4. the system employs a highly efficient silicon carbide (SiC) based RF power generator; and
5. the technology is scalable to very long horizontal wells.

Specific objectives targeted for the near-surface test included:

1. demonstrating that RF XL is capable of delivering high levels of power from the surface into the target formation;
2. confirming that transmission line system losses are very low;
3. proving that the technology can heat the test formation of sand and water as efficiently and quickly as predicted in simulations; and
4. validating the accuracy of Acceleware's RF heating simulator, AxHeat.

* 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

Acceleware reported that all of these objectives were successfully achieved during the three-day test run.

Strategic Update

Oil and Gas focus

Acceleware remains focused on developing and commercializing products for the oil and gas sector. Prior to the dramatic market downturn in 2014, the Company had been experiencing good traction with its geoscience software and services. The proprietary RF heating technology is showing potential as a viable method for heavy oil and oil sands production, coming at a time when the industry is facing significant economic and environmental hurdles. The Company is actively pursuing funding for RF heating development including new equity issuances, applying for various government funding initiatives, and pursuing industry partner funding opportunities.

Given the 50% decrease in revenue in 2016 compared to 2015, and the further 5% reduction in revenue in the first nine months of 2017 compared to the same period in 2016, the outlook for Acceleware's oil and gas technology business remains uncertain. As the Company's customers grapple with the prolonged collapse in the world price of oil, we have seen caution among our customers resulting in delayed and cancelled purchase decisions in 2016, and the first half of 2017. For the remainder of 2017, it remains unclear whether the oil and gas market will rebound. However, recent increases in oil prices and drilling activity are welcome news. As a result of the weakness in oil and gas, the Company has taken steps to promote non-oil and gas related products and services. In 2016, non-oil and gas revenue increased 16% compared to 2015. Should the oil and gas market weakness continue, Acceleware will continue to target short-term revenue outside of oil and gas. [*]

Software for Geoscience

In 2016 and the first nine months of 2017, the Company focused on selling seismic imaging software to the oil and gas exploration market, and this will continue for the remainder of 2017. The Company continues to develop its latest release of AxRTM with TTI, which the Company believes is a state-of-the-art RTM seismic imaging product. Complimenting AxRTM is AxWave, a finite-difference forward modelling package. These GPU accelerated and CPU optimized seismic solutions, with dense packaging and improved economics in power and cooling, provide a multi-fold performance increase that reduces lengthy processing times and enables expedited drilling decisions for the oil and gas industry. During late 2014, the Company derived its first revenue from AxFWI, Acceleware's new modular full waveform inversion software application. Full waveform inversion allows geophysicists to dramatically improve subsurface models with less manual processing. In 2017, 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 2017 is to increase the ease of adoption of the software by utilizing cloud based software as a service model, implementing "quick-start" functionality, and promoting time limited evaluation licenses.

The Company currently sells product and services solutions into the oil and gas market and will continue to develop improvements to its products and intensify its marketing and business development activities in this market. The Company sells its seismic imaging solutions through four resellers, and is actively pursuing other resellers. The Company's key Seismic ISVs are Paradigm Geophysical, Tsunami Development, Shearwater GeoServices, and GeoTomo LLC. Acceleware has also seen significant opportunities for sales directly to end-users in this market, particularly when customers seek customized solutions. The Company expects to continue to see significant direct sales going forward much like the earlier-noted agreement with Repsol for a customized RTM software solution.[*]

Management believes that adding new resellers and increasing the proportion of the resellers' end-users that can be addressed by Acceleware's solutions will drive revenue growth, strengthen Acceleware's competitive position in the oil and gas market, and help to establish market leadership. Management believes that market leadership in oil and

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gas will result in higher sales penetration over the long-term, as well as improved profitability. The Company will continue to finance operations and its growth strategy primarily through revenues derived from the sale of the Company's products and services, existing cash resources and, if necessary and where possible, by way of further equity financing. *

RF Heating

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

In each of the last three years including 2016, 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 Q2 2017. The Company expects to continue field tests in the remainder of 2017, and is planning for a commercial scale test. *

Electromagnetic software products

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

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

In addition to adding ISV partners, Acceleware is working to deliver new products and solutions to address the needs of a larger proportion of the installed base of its ISV partners. The Company is continuously improving its software

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acceleration products and expects to continue to release improved products with significant increases in performance every year. *

Consulting services

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

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

In 2016 and the first nine months of 2017, Acceleware hosted several HPC training classes in both open enrolment format and custom-designed formats for individual organizations, and will continue to do so in the remainder of 2017. *

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

Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, total comprehensive income (loss) before tax and earnings (loss) per share for the eight most recently completed quarters ended September 30, 2017.

	2017				2016			2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$237,576	$312,612	$498,189	$175,639	$366,675	$410,318	$442,537	$1,016,424
Cash (used) generated in operating activities	(721,543)	(99,769)	(862,994)	(837,494)	(256,971)	(119,919)	(114,935)	107,345
Total comprehensive (loss) income	(913,738)	(641,197)	(448,859)	(953,737)	(324,722)	(366,532)	(365,018)	158,746
(Loss) earnings per share basic and diluted	($0.011)	($0.007)	($0.005)	($0.011)	($0.005)	($0.006)	($0.006)	$0.002

Since the beginning of 2016, the Company has seen significantly reduced quarterly revenue compared to 2015, and this weakness has continued in 2017. This is a result of the continued weakness in the oil and gas technology market. As a consequence of the reduction in revenue, and the continued investment in RF heating research and development, cash used in operating activities has increased significantly, as has the quarterly comprehensive loss.

* 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.

Results of Operations

Overall Performance

The Company had total comprehensive loss for Q3 2017 of $913,738, an increase of 181% compared to a total comprehensive loss of $324,722 for Q3 2016. The higher total comprehensive loss is a result of higher R&D investment, higher G&A expenses, and lower revenue in the software and services business. Total comprehensive loss increased 43% in Q3 2017 to $913,738 compared to $641,197 in Q2 2017, due to lower revenue and higher loss on derivative instruments associated with the Company's convertible debentures. In Q3 2017, the Company recorded a loss of $169,246 on derivative instruments, compared to a gain of $157,231 in Q2 2017. The gain or loss on derivative instruments is sensitive to the Company's share price.

For the nine months ended September 30, 2017, total comprehensive loss was $2,003,794, an increase of 90% compared to a loss of $1,056,272 recorded in the nine months ended September 30, 2016. The increase is a result of lower revenue, greater investment in R&D and higher G&A expenses.

On a segmented basis, loss from operations attributed to the RF heating segment was 39% higher in Q3 2017 at $537,838 compared to $385,802 in Q3 2016, due to higher investment in R&D and higher G&A expense. Operating loss for RF heating was 26% lower in Q3 2017 compared to the loss of $730,579 recorded in Q2 2017 due to higher revenue, lower R&D investment as the work and analysis associated with the 1/20 scale field test was largely completed, and higher G&A expenses. Operating income attributed to software and services decreased to a loss of $136,436 in Q3 2017, compared to income of $79,434 in Q3 2016 due to lower revenue, and higher investment in R&D. Software and services operating loss was also higher in Q3 2017 compared to the operating loss of $23,107 recorded in Q2 2017 due to lower revenue.

For the nine months ended September 30, 2017, RF heating operating loss increased 43% to $1,684,016 from $1,176,754 for the nine months ended September 30, 2016 due to higher R&D investment, higher G&A expense related to stock based compensation, and despite higher revenue. For the nine months ended September 30, 2017, software and services operating loss was $145,930 compared to operating income of $192,282 for the nine months ended September 30, 2016 due to lower seismic product revenue.

Revenue

Revenue	**Three months ended September 30, 2017**	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Product sales	**$ 50,311**	$ 85,886	$ 4,220	-41%	1092%
Maintenance	**165,496**	75,994	140,377	118%	18%
Consulting	**21,769**	204,795	168,015	-89%	-87%
	$ 237,576	$ 366,675	$ 312,612	-35%	-24%

During Q3 2017, the Company recognized revenue of $237,576 representing an 35% decrease over the $366,675 recognized during Q3 2016, due to lower software product and service revenue, despite higher software maintenance. Revenue fell 24% compared to the $312,613 recognized in Q2 2017 primarily on lower software services (consulting) revenue.

RF Heating Revenue	**Three months ended September 30, 2017**	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Product sales	**$ 20,700**	$ -	$ -	N/A	N/A
Maintenance	**-**	-	-	N/A	N/A
Consulting	**-**	-	-	N/A	N/A
	$ 20,700	$ -	$ -	N/A	N/A

The Company recorded $20,700 in RF heating revenue associated with the sale of AxHeat. No RF heating revenue was recorded in either Q3 2016 or in Q2 2017.

Software and services Revenue	**Three months ended September 30, 2017**	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Product sales	**$ 29,611**	$ 85,886	$ 4,220	-66%	602%
Maintenance	**165,496**	75,994	140,377	118%	18%
Consulting	**21,769**	204,795	168,015	-89%	-87%
	$ 216,876	$ 366,675	$ 312,612	-41%	-31%

Software and services revenue decreased 41% to $216,876 in Q3 2017 compared to $366,675 in Q3 2016, and fell 31% compared to the $312,612 recorded in Q2 2017. Software product sales revenue fell 66% to $29,611 for Q3 2017 compared to $85,886 for Q3 2016 due to a sharp decline in seismic imaging software sales. Product sales increased 602% to $29,611 for Q3 2017 compared to $4,220 for Q2 2017, due to higher AxFDTD revenue. However, as certain seismic imaging sales entered the maintenance phase, software maintenance revenue rose by 118% to $165,496 for Q3 2017 compared to $75,994 for Q3 2016, and rose 18% from the $140,377 recorded in Q2 2017. Software consulting revenue declined 89% to $21,769 in Q3 2017 compared to $204,795 recognized in Q3 2016 due to lower training and custom software development revenue. Software consulting revenue fell 87% in Q3 2017 compared to $168,015 in Q2 2017, also on lower training revenue.

Revenue	**Nine months ended 9/30/2017**	Nine months ended 9/30/2016	% change Nine months ended 09/30/2017 vs. Nine months ended 09/30/2016
Product sales	**$ 116,682**	$ 568,730	-79%
Maintenance	**473,943**	278,898	70%
Consulting	**457,752**	371,902	23%
	$ 1,048,377	$ 1,219,530	-14%

During the nine months ended September 30, 2017, the Company reported total revenues of $1,048,377, a 14% decrease compared to $1,219,530 for the nine months ended September 30, 2016, due to lower software product revenue.

RF Heating Revenue	**Nine months ended 9/30/2017**	Nine months ended 9/30/2016	% change Nine months ended 09/30/2017 vs. Nine months ended 09/30/2016
Product sales	**$ 20,700**	$ -	N/A
Maintenance	**-**	-	N/A
Consulting	**200,000**	86,648	131%
	$ 220,700	$ 86,648	155%

RF heating revenue increased 155% to $220,700 in the nine months ended September 30, 2017 compared to $86,648 in the nine months ended June 20, 2016 when the Company sold data from its RF XL field test, and sold an AxHeat license.

Software and Services Revenue	**Nine months ended 9/30/2017**	Nine months ended 9/30/2016	% change Nine months ended 09/30/2017 vs. Nine months ended 09/30/2016
Product sales	**$ 95,982**	$ 568,730	-83%
Maintenance	**473,943**	278,898	70%
Consulting	**257,752**	285,254	-10%
	$ 827,677	$ 1,132,882	-27%

Software and services revenue fell 27% in the nine months ended September 30, 2017 to $827,677 compared to the $1,132,882 recorded in the nine months ended September 30, 2016. Software product revenue fell sharply to $95,982 in the nine months ended September 30, 2017, an 83% decline compared to $568,730 recorded in the nine months ended September 30, 2016. The decrease is due in large part to a significant decrease in seismic imaging software sales, including the custom Repsol RTM project. However, maintenance revenue increased 70% to $473,943 for the nine months ended September 30, 2017 from $278,898 in the nine months ended September 30, 2016. The increase in maintenance revenue is a result of increased seismic imaging maintenance and increased renewals for AxFDTD EM software. As the Company's oil and gas customers remain cautious in their spending, oil and gas consulting services have declined. However, other HPC training services have increased. The net result is that consulting revenue fell 10% to $257,752 in the nine months ended September 30, 2017 from the $285,254 recognized in the nine months ended September 30, 2016.

Expenses

Expenses	**Three months ended September 30, 2017**	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Cost of revenue	**$ 72,571**	$ 120,669	$ 43,282	-40%	68%
General & administrative	**459,951**	305,524	543,873	51%	-15%
Research & development	**379,328**	246,850	479,143	54%	-21%
	$ 911,850	$ 673,043	$ 1,066,298	35%	-14%

Expenses rose 35% during the three months ended September 30, 2017 to $911,850 from $673,043 for the three months ended September 30, 2016 primarily due to increased RF heating R&D investment, and increased G&A expenses, particularly stock based compensation. Expenses fell 14% from the $1,066,298 recorded in Q2 2017 due primarily to lower G&A related to marketing trade shows, and lower R&D investment associated with the RF heating

field test. Stock based compensation (share based payments) expenses for Q3 2017 were $93,819 relating to G&A (Q3 2016 - $19,256 and Q2 2017 - $113,565) and $42,880 relating to R&D (Q3 2016 - $6,324 and Q2 2017 – 44,791) for a total of $136,699 (Q3 2016 - $25,580 and Q2 2017 - $158,356). Stock based compensation increased dramatically in 2017 due to a higher number of options granted (in February 2017), increased volatility, increased share price, and accelerated vesting compared to previous grants.

RF heating expenses	Three months ended September 30, 2017	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Cost of revenue	$ 2,080	$ -	$ -	N/A	N/A
General & administrative	298,864	162,292	380,209	84%	-21%
Research & development	257,594	223,510	350,370	15%	-26%
	$ 558,538	$ 385,802	$ 730,579	45%	-24%

RF heating expenses increased 45% in Q3 2017 to $558,538 compared to $385,802 in Q3 2016 on higher stock based compensation, and increased staff and contractors engaged in R&D. RF heating expenses fell 24% in Q3 2017 compared to $730,579 in Q2 2017 due to lower stock based compensation, lower marketing expenses, and decreased investment in the RF XL filed test.

Software and services expenses	**Three months ended September 30, 2017**	Three months ended September 30, 2016	Three months ended June 30, 2017	% change Q3 2017 vs. Q3 2016	% change Q3 2017 vs. Q2 2017
Cost of revenue	**$ 70,491**	**$** 120,669	**$** 43,282	-42%	63%
General & administrative	**161,087**	143,232	163,664	12%	-2%
Research & development	**121,734**	23,340	128,773	422%	-5%
	$ 353,312	**$** 287,241	**$** 335,719	23%	5%

Software and services expenses rose 23% to $353,312 in Q3 2017 compared to $287,241 in Q3 2016 due to higher stock based compensation, increased marketing expenses associated with trade shows, and higher cost of revenue. Software and services expenses increased 5% in Q3 2017 compared to $335,719 in Q2 2017 due to higher cost of revenue. Cost of revenue for Q3 2017 fell 42% to $70,491 from $120,669 in Q3 2016 and increased 63% from $43,282 in Q2 2017. The decrease year over year is a result of the lower direct costs associated with the custom software development projects (salaries, contractors, and travel). The increase in cost of revenue compared to the most recent completed quarter is due to the Repsol custom software project completion.

In Q3 2017, R&D expenditures for software increased 422% to $121,734 from $23,340 for Q3 2016 due to greater investment in new seismic imaging products and features such as cloud based deployment, AxFWI and new AxWave features. Software R&D investment fell 5% in Q3 2017 compared to the $128,773 recorded in Q2 2017.

Expenses	**Nine months ended 09/30/2017**	Nine months ended 09/30/2016	% change Nine months ended 09/30/2017 over nine months ended 09/30/2016
Cost of revenue	**$ 160,257**	**$** 417,103	-62%
General & administrative	**1,414,131**	1,006,773	40%
Research & development	**1,303,935**	780,126	67%
	$ 2,878,323	**$** 2,204,002	31%

Expenses increased 31% during the nine months ended September 30, 2017 to $2,878,323 from $2,204,002 for the nine months ended September 30, 2016, primarily due to higher R&D investment, higher G&A expense, and despite lower cost of revenue. G&A expenses increased 40% in the nine months ended September 30, 2017 to $1,414,131 compared to $1,006,773 in the nine months ended September 30, 2016 primarily due to increased stock based compensation, higher legal fees associated with patent filings, and higher management consulting fees.

RF Heating Expenses	**Nine months ended 09/30/2017**	Nine months ended 09/30/2016	% change Nine months ended 09/30/2017 over nine months ended 09/30/2016
Cost of revenue	**$ 2,080**	$ 17,643	-88%
General & administrative	**955,383**	539,382	77%
Research & development	**947,253**	706,377	34%
	$ 1,904,716	$ 1,263,402	51%

RF heating cost of revenue for the nine months ended September 30, 2017 decreased 88% to $2,080 compared to $17,643 in the nine months ended September 30, 2016, due to reduced personnel costs associated with feasibility study consulting services. RF heating R&D investment increased 34% in the nine months ended September 30, 2017 to $947,253 compared to $706,377 in the nine months ended September 30, 2016 due to greater RF heating R&D activities including the RF XL field test completed in 2017.

Software and Services Expenses	**Nine months ended 09/30/2017**	Nine months ended 09/30/2016	% change Nine months ended 09/30/2017 over nine months ended 09/30/2016
Cost of revenue	**$ 158,177**	$ 399,460	-60%
General & administrative	**458,748**	467,391	-2%
Research & development	**356,682**	73,749	384%
	$ 973,607	$ 940,600	4%

Software cost of revenue for the nine months ended September 30, 2017 decreased 60% to $158,177 compared to $399,460 in the nine months ended September 30, 2016, due to reduced personnel costs associated with custom software development projects. Software R&D investment increased 384% in the nine months ended September 30, 2017 to $356,682 compared to $73,749 in the nine months ended September 30, 2016 due to greater investment in seismic imaging products and features such as cloud based deployment, AxFWI and new AxWave features.

Liquidity and Capital Resources

At September 30, 2017, Acceleware had $1,058,126 (December 31, 2016 - $1,616,415) in working capital, including $1,094,132 (December 31, 2016 - $1,922,318) in cash and cash equivalents, and $61,046 (December 31, 2016 - $58,095) in combined short-term and long-term debt in the form of finance leases. On September 26, 2017, the Company closed a non-brokered private placement consisting of 4,651,066 units at a price of $0.18 per unit for gross proceeds of $837,192, and proceeds net of issue costs of $823,486. Each unit consisted of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of $0.27 per common share for a period of two years. At September 30, 2017, the Company had $998,175 (December 31, 2016 - $928,800) (principal plus accrued interest) in convertible debentures that accrue interest at 10% per year. The decrease in cash (and consequently working capital) is a result of the comprehensive loss incurred in the nine months ended September 30, 2017, and an increased investment in working capital, offset by the proceeds from the private placement. The increase in working capital other than cash is a result of the decrease in accounts payable and accrued liabilities such as deferred salaries and other payroll liabilities. On November 17, 2017,

the Company forced conversion of the convertible debentures, exercising the option to convert all outstanding principal and accrued interest into 6,762,014 units of one common share of the Company plus ½ common share purchase warrant.

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

Cash flow used in operating activities increased 502% to $721,543 in Q3 2017 compared to $256,971 in Q3 2016 due to the loss and a higher investment in working capital. Cash flow used in operations was also significantly higher in Q3 2017 compared to Q2 2017, rising 623% from $99,769 due to increased investment in working capital. During the nine months ended September 30, 2017 cash used in operations was significantly higher at $1,684,306 compared to $491,825 used in the nine months ended September 30, 2016. The increase is a result of increased loss and higher investment in working capital.

As at September 30, 2017, the Company had current liabilities of $584,406 compared to current liabilities of $999,287 as at December 31, 2016. The decrease in current liabilities is due to lower accrued salary expense and other payroll liabilities, despite higher deferred revenue.

Trade and Other Receivables

Trade and other receivables as at September 30, 2017 increased to $271,357, compared to $196,525 as at December 31, 2016. The increase is a result of increased invoicing at the end of the period. The Company maintains close contact with its customers to mitigate risk in the collection of receivables.

Work in Process

Work in process represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses, if any. Work in process is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. Work in process was $95,247 at September 30, 2017 compared to $323,438 at December 31, 2016. The decrease is a result of custom software projects nearing completion.

[*] 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

Alberta SR&ED Tax Credits

The Company has recorded $149,522 (December 31, 2016 - $132,237) in receivables as at September 30, 2017. The increase is a result of R&D undertaken in the nine months ended September 30, 2017.

Investing Activities

For the nine months ended September 30, 2017, $16,387 was invested in property and equipment compared to $6,924 for the nine months ended September 30, 2016.

Financing Activities

During the nine months ended September 30, 2017, 750,667 stock options and 10,000 warrants (nine months ended September 30, 2016 – 133,332 options, nil warrants) were exercised for cash proceeds of $74,445 (nine months ended September 30, 2016 - $33,666). During the nine months ended September 30, 2017, the Company issued 4,651,066 units consisting of one common share and one-half of one common share purchase warrant for net proceeds of $825,807.

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 September 30, 2017, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2016. 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 fiscal year ended December 31, 2016.

Transactions with Related Parties

For the three months ended September 30, 2017, the Company incurred expenses in the amount of $42,250 (three months ended September 30, 2016 - $39,000) and $123,250 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $117,000) 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 September 30, 2017, $65,257 was included in accounts payable and accrued liabilities (December 31, 2016 - $88,419). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended September 30, 2017, the Company incurred expenses in the amount of $4,641 (three months ended September 30, 2016 - $10,623) and $26,836 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $23,590) 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 September 30, 2017, $4,873 was included in accounts payable and accrued liabilities (December 31, 2016 - $36,207). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended September 30, 2017, the Company incurred expenses in the amount of $1,875 (three months ended September 30, 2016 - $nil) and $9,525 for the nine months ended September 30, 2017 (nine months ended September 30, 2016 - $nil) with a company controlled by the spouse of an officer of the Company for writing services, and this amount is included in general and administrative expense. As at September 30, 2017, $1,969 was included in accounts payable and accrued liabilities (December 31, 2016 - $nil). These fees occurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	**Nine months ended September 30, 2017**	Nine months ended September 30, 2016
Salaries and short-term employee benefits	**$ 175,904**	$ 169,172	**$ 540,567**	$ 499,377
Share-based payments	**101,829**	19,030	**285,050**	28,919
	$ 277,733	$ 188,202	**$ 825,618**	$ 528,296

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2016 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 the unaudited interim condensed financial statements follow the same accounting policies and methods of application as the most recent audited annual financial statements.

Recent Accounting Pronouncements Issued and not yet Effective

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

The Company will be required to adopt IFRS 9, Financial Instruments ("IFRS 9") effective for fiscal years ending on or after January 1, 2018 with earlier application permitted. This is a result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

On May 28, 2015, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The standard provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2018, and interim periods within that year. Earlier application is permitted. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

On January 13, 2016, the IASB issued a new Leases Standard, IFRS 16, which supersedes IAS 17 Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019. A company assesses whether to apply the requirements in IFRS 16 by identifying whether a contract is (or contains) a lease. IFRS 16 defines a lease and includes application guidance to help companies make this assessment. The definition applies to both parties to a contract, i.e., the customer ('lessee') and the supplier ('lessor'). Most significantly, IFRS 16 changes significantly how a company accounts for leases that were off balance sheet under IAS 17, other than short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture). Applying IFRS 16, in essence for all leases, a company is required to:

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

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

Financial Instruments and Other Instruments

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

Disclosure of Outstanding Share Data

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

Common Shares	97,179,491
Stock Options	8,257,509
Warrants	12,461,916

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 December 31, 2016 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended September 30, 2017**	Three months ended September 30, 2016
Salaries	**$ 299,457**	$ 230,388
Consulting	**49,425**	46,600
R&D lab supplies	**6,617**	7,259
Share-based payments	**42,880**	6,324
Rent and overhead allocations	**21,942**	19,104
Amortization	**7,350**	8,159
Government assistance	**—**	(42,494)
Alberta SR&ED Tax Credits	**(48,343)**	(28,490)
Total	**$ 379,328**	$ 246,850

Sales, General and Administration	**Three months ended September 30, 2017**	Three months ended September 30, 2016
Salaries	**$ 172,406**	$ 167,227
Marketing	**49,632**	14,442
Travel	**7,002**	2,130
Share-based payments	**93,819**	19,256
Rent, supplies and public company fees	**67,670**	60,506
Amortization	**7,351**	8,159
Professional fees	**62,071**	33,804
Total	**$ 459,951**	$ 305,524