ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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, 2018, 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, 2017, 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 27, 2018. 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 when 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 ("R&D") efforts;
- plans to complete a commercial-scale test of RF heating technology;
- 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 continue to improve over the next 12 to 24 months, and that improvement will result in increased demand for the Company's products and services;
- that the preliminary analyses coupled with lab and field testing that the Company has performed to date regarding the technical and economic feasibility of RF heating technology for heavy oil and oil sands will be confirmed in practise;
- 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 conclude agreements necessary to secure funding for field tests of RF heating technology;
- that the Company and its partners will be able to secure necessary regulatory approvals required to conduct a commercial-scale test of RF heating technology;
- 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 derives from High Performance Computing ("HPC") software marketed primarily to 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. Acceleware offers both off-the shelf and customized seismic software. Acceleware also sells electro-magnetic ("EM") simulation software outside of the oil and gas sector. In addition to software, Acceleware's primary research and development initiative involves developing and commercializing technology to utilize EM energy in the radio frequency ("RF") spectrum to heat heavy oil and oil sands deposits to facilitate extraction.

Acceleware was founded in 2004 to build software solutions that utilized a 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 the speed of partners' software. The Company's current seismic ISV partners include Tsunami Development, Emerson (Paradigm), Shearwater GeoServices and GeoTomo LLC.
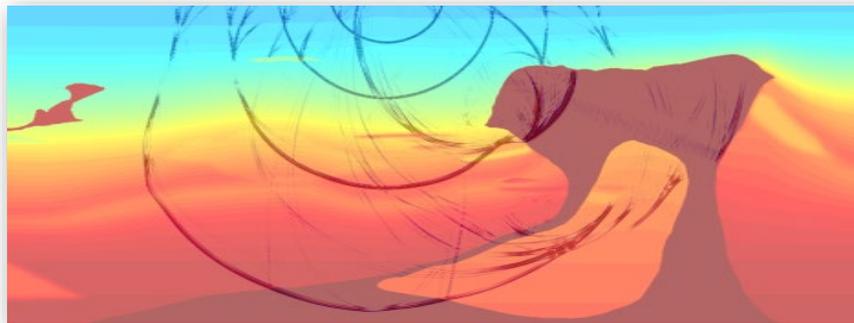
In 2010, Acceleware began investigating technology to use RF energy for in-situ heating of heavy oil and bitumen. In the ensuing eight years Acceleware has been granted two patents for RF heating technology, has filed seven additional patent applications, and has developed leading edge simulation software. 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 costs for heavy oil and oil sands extraction, as well as reduce the environmental footprint by dramatically reducing the water use and greenhouse gas emissions associated with current extraction techniques. RF heating also has the potential to significantly reduce land use in the oil sands and does not involve the injection of chemicals into the reservoir. Acceleware's unique expertise with RF heating technology has also resulted in service revenue both locally and abroad. Acceleware's RF heating technology broadly falls into two

versions – Modular RF and RF XL. Modular RF is a technology mainly aimed at deeper, vertical wells where efficiencies are gained through the innovative approach to downhole RF power generation. 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[TM] – 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.
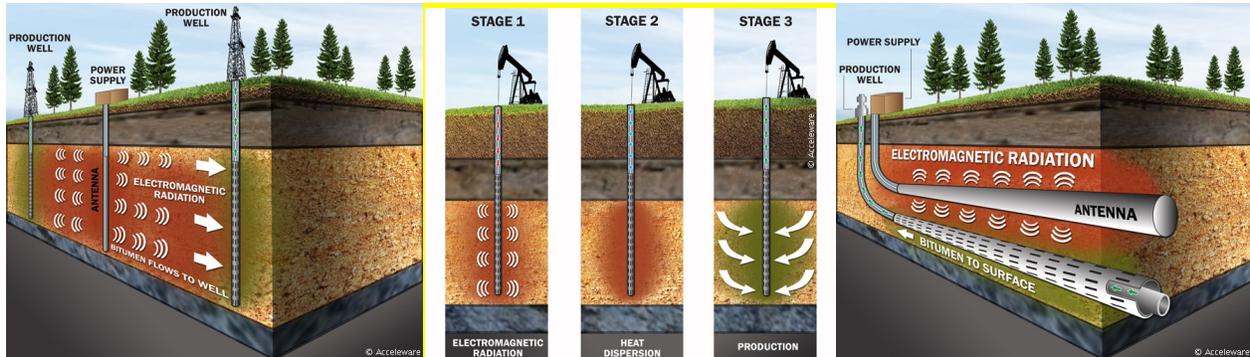
| Multiple Vertical – RF flood | Single Vertical – Cyclic RF flood | Horizontal – RF injector |

Beyond oil and gas, Acceleware's traditional market has been electromagnetic simulation, and the Company continues to provide software 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.
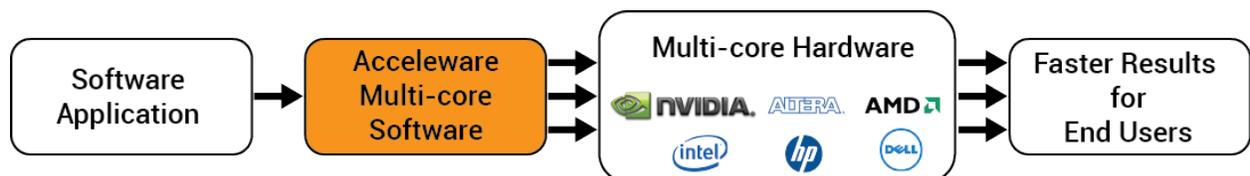
The EM solutions developed by Acceleware can be easily integrated by software developers, saving them the expense and time of migrating their applications to high performance multi-core platforms. Acceleware improves the overall experience for end users of these applications by providing greater computing 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 Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales.

AxFDTD will continue to be marketed to the traditional markets and is also 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.

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in

Calgary, Alberta. On September 30, 2018, Acceleware had 18 employees including: 2 in administration; 3 in sales, marketing, and product management; and 13 in research and development.

Overall Performance

During the three months ended September 30, 2018 (Q3 2018), Acceleware continued to invest in RF heating research and development (R&D). Activities included engineering, design and prototyping work related to the Company's planned commercial-scale test of RF XL, and preparing additional patent applications. Specifically, the Company commenced manufacturing and testing of the prototype RF generator with partner GE, worked on design concepts for the drilling and completion of the RF XL and production wells, and continued design of surface facilities. The Company also took steps to solidify the financing for the test. The Company completed contribution agreements with both Sustainable Development Technology Canada (SDTC) and Emissions Reduction Alberta (ERA) providing a total of $10 million in non-repayable grants for the test. Shortly after the end of Q3 2018, Acceleware announced that it had entered into a consulting agreement with Advanced Micro Devices, Inc. Over the next four months, Acceleware will receive cash compensation of US$2.51 million from AMD in exchange for custom software engineering resources and consulting services. As part of the consulting agreement, the Company's custom software development team will transition to become AMD employees. Acceleware will also provide certain consulting services to AMD. The Company also announced that it had secured investment from a major Calgary-based oil sands producer (the "Producer") for the commercial-scale RF XL pilot test. The Producer will provide funding of up to $2 million toward the RF XL pilot under the terms of a project funding agreement with Acceleware. These agreements complement the commercial-scale test agreement with Prosper Petroleum Ltd. announced last quarter, and together provide up to $15 million in project financing. Acceleware estimates the cost to complete the RF XL pilot will range from $16 to $20 million. Acceleware has appointed GMP Securities L.P. ("GMP FirstEnergy") as exclusive financial advisor to assist in the full funding of the RF XL pilot program. GMP FirstEnergy provided advice on the completion of the project funding agreement. [*]

The Company recorded an 11% increase in revenue in Q3 2018, compared to the three months ended September 30, 2017 (Q3 2017), due to an increase in software and services business. However, revenue was 25% lower compared to the three months ended June 30, 2018 (Q2 2018) on lower software and services revenue. Operating loss was significantly higher in Q3 2018 compared to both Q3 2017 and Q2 2018 due to significantly higher investment in research and development (R&D) associated with the Company's RF XL commercial-scale test. However, total comprehensive loss was slightly higher in Q3 2018 compared to Q3 2017 due to a gain on derivative instruments recorded in Q3 2017. The R&D investment in turn resulted in increased total comprehensive loss compared to both Q3 2017 and Q2 2018. Despite the increased operating loss, cash used in operating activities was significantly lower in Q3 2018, compared to Q3 2017 due to a temporary increase in accounts payable. For the nine months ended September 30, 2018, revenue was 25% lower than for the nine months ended September 30, 2017 primarily due to lower RF heating revenue. As a result of lower revenue and increased R&D investment, loss from operations and total comprehensive loss both increased in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. Cash used in operating activities decreased in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to a temporary increase in accounts payable.

---

[*]   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
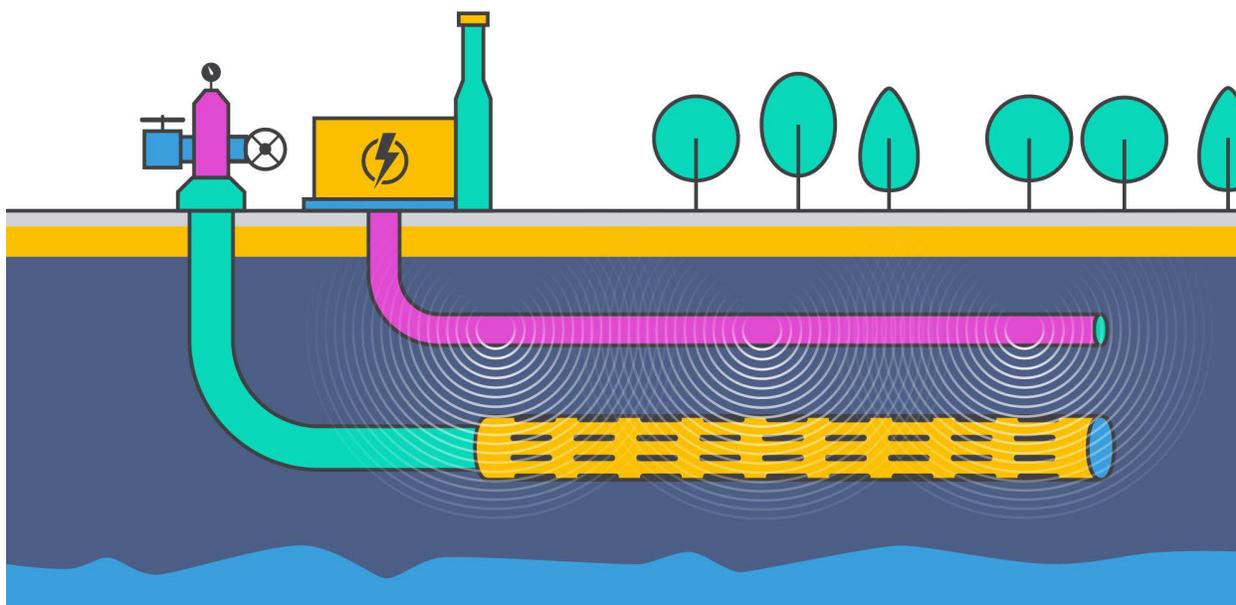
Schematic of Commercial-Scale Test of RF XL in Oil Sands

During Q3 2018, Acceleware recognized revenue of $263,978 - 11% higher than the $237,576 recognized during Q3 2017. The increase is primarily a result of a 420% increase in software consulting (custom software) revenue. Revenue decreased 25% in Q3 2018 compared to the $350,098 recorded in Q2 2018 primarily as a result of lower consulting (HPC training) revenue and lower seismic software maintenance revenue. On a segmented basis, all revenue recorded in Q3 2018, and Q2 2018 was software and services revenue. In Q3 2017, $20,700 in RF heating revenue was recorded. Revenue was 25% lower in the nine months ended September 30, 2018 falling to $784,335 from $1,084,377 recorded in the nine months ended September 30, 2017 due to lower RF heating revenue (the Company sold data from a field test of RF XL in the nine months ended September 30, 2017), lower seismic software product revenue, and lower software maintenance revenue.

Operating loss was 55% higher in Q3 2018 at $1,042,828 compared to $674,274 in Q3 2017 due to increased R&D expense. The Company is incurring R&D expenses associated with the commercial-scale test of RF XL. Operating loss was also 62% higher than the loss of $645,643 recorded in Q2 2018 also due to the increased R&D expense. The Company had a total comprehensive loss for Q3 2018 of $1,051,292, 15% higher than the total comprehensive loss of $913,738 recorded in Q3 2017. The higher total comprehensive loss is also to higher R&D expenses Q3 2018 compared to Q3 2017, despite higher revenue. The total comprehensive loss increased 63% compared to Q2 2018 when it was $645,911 due to higher R&D expense.

For the nine months ended September 30, 2018 operating loss rose 38% to $2,522,350 from the $1,829,946 recorded in the nine months ended September 30, 2017 due to lower revenue, higher R&D expense, and higher G&A expense related to share-based compensation (stock options). For the nine months ended September 30, 2018 total comprehensive loss was $2,536,580, an increase of 27% compared to a loss of $2,003,794 recorded in the nine months ended September 30, 2017. The Company incurred finance expense and a loss on derivative instruments in the nine months ended September 30, 2017 for which there was no related expense in 2018.

On a segmented basis, loss from operations attributed to the RF heating segment increased 88% in Q3 2018 at $1,013,330 compared to $558,538 in Q3 2017, due to a significant increase in R&D expense. Operating loss for RF heating was 61% higher in Q3 2018 compared to the loss of $628,420 recorded in Q2 2018 due to higher R&D expenses. Operating loss attributed to software and services was 78% lower at $29,498 in Q3 2018, compared to a

loss of $136,436 in Q3 2017 due to higher revenue and lower cost of revenue. Software and services operating loss increased in Q3 2018 compared to the operating loss of $17,223 recorded in Q2 2018 due to lower revenue.

For the nine months ended September 30, 2018, RF heating operating loss increased 33% to $2,236,754 from $1,684,015 for the nine months ended September 30, 2017 due to lower revenue and significantly higher R&D expense. For the nine months ended September 30, 2018, software and services operating loss was $285,596 compared to operating loss of $145,931 for the nine months ended September 30, 2017 due to lower seismic product revenue, higher G&A expense related to stock-based compensation, and higher R&D investment.

At September 30, 2018, Acceleware had a working capital deficit of $679,294 compared to working capital surplus of $403, 501 at December 31, 2017 including $279,276 (December 31, 2017 - $781,315) in cash and cash equivalents, and $168,732 (December 31, 2017 - $183,373) in combined short-term and long-term debt in the form of finance leases. The decrease in working capital is a result of the comprehensive loss incurred in the nine months ended September 30, 2018 particularly the large investment in RF heating R&D. The working capital deficit and cash balance significantly improved subsequent to the period end as a result of the project financing agreements noted above.

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

April 11, 2018 – Acceleware announced that the US Patent and Trademark Office had granted Patent No. 9,938,809 relating to RF heating of heavy oil and oil sands reservoirs. The patent is a key part of Acceleware's growing base of intellectual property and covers the core elements of its Modular RF technology, as well as claims relating to its RF XL technology. Modular RF is targeted for commercial availability in 2022, while RF XL is expected to be available in 2020.

June 11, 2018 – Acceleware announced that the Company had formed a nine-person RF heating Acceleware Advisory Board (AAB). The AAB brings together a group of nine heavy oil and oil sands leaders with extensive operational, technical, and commercialization experience. This group will provide guidance to Acceleware throughout the RF technology testing and commercialization process. Acceleware formed the AAB to ensure that RF XL and Modular RF meet key functional and economic demands of heavy oil and oil sands operators.

June 11, 2018 – Acceleware announced that GE Global Research had completed the design phase of Acceleware's prototype silicon carbide (SiC) RF Generator. GE will now commence assembly of the generator to be used in the

---

[*]   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

commercial-scale test. Acceleware expects to receive an initial generator module in 2018 and will begin lab testing at that time. The full prototype RF XL generator system is planned for completion by GE in Q2 2019.

July 17, 2018 - Acceleware announced that it has entered into a commercial test agreement (the with Prosper Petroleum Ltd. ("Prosper") to perform a commercial-scale test (the "Test") of Acceleware's RF XL radio frequency heating technology. The Test will commence immediately at Prosper's Rigel property in northeast Alberta, where Prosper is developing a project in the Athabasca Oil Sands. SDTC and ERA have committed up to $10 million in non-repayable funding for the Test, as previously announced by Acceleware on November 3, 2017. The funding will become available upon execution of contribution agreements with SDTC and ERA. With the support of Prosper, Acceleware begun raising remaining capital to further support the test. Discussions with other potential consortium members for the project are on-going, with the goal of generating additional financial, technical and operating support.

September 27, 2018 – Acceleware announced the completion of contribution agreements with both SDTC and ERA. As a result of the agreements, Acceleware can access up to a total of $10 million in non-repayable, joint funding from SDTC and ERA to complete a commercial-scale RF XL pilot of Acceleware's radio frequency heating technology at Prosper's Rigel property in northeast Alberta. Acceleware estimated the cost to complete the RF XL pilot will range between $16 to $20 million.

October 22, 2018 – Acceleware announced it had signed a consulting agreement (the "Agreement") with a Canadian affiliate of AMD. Over a four-month time span, Acceleware will receive cash compensation of US$2.51 million from AMD in exchange for custom software engineering resources and consulting services. As part of the Agreement, the Company's custom software development team will transition to become AMD employees. Acceleware will also provide consulting services to AMD.

November 13, 2018 – Acceleware announced the participation of a major Calgary-based oil sands producer (the "Producer") in the commercial-scale RF XL pilot test of its radio frequency heating system. The Producer will provide funding of up to $2 million toward the RF XL pilot under the terms of a project funding agreement with Acceleware. In exchange for the funding, the Producer will be able to provide input into pilot designs and test specifications prior to completion, and will receive, along with the other pilot participants, exclusive access to the full set of detailed technical data and test results for one year following completion of the pilot. Acceleware has granted the Producer prioritized rights to host a subsequent test of Acceleware's RF XL technology, preferred pricing on pre-commercial products, and preferred access to RF XL products over operators who do not participate in the pilot.

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. There are signs that the oil and gas sector is improving, bolstered by a higher world price of oil, and evidenced by an increase in exploration and development spending in 2018.

Given the 50% decrease in revenue in 2016 compared to 2015, and the further 5% reduction in revenue in 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 2017. For 2018, it remains unclear whether the oil and gas market will continue to 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 including artificial intelligence ("AI") and machine learning. Acceleware will continue to target short-term revenue outside of oil and gas in 2018. [*]

<u>Software for Geoscience</u>

In 2017, the Company focused on selling seismic imaging software to the oil and gas exploration market, and this will continue for 2018. 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 2018, 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 2018 is to increase the ease of adoption of the software by utilizing cloud-based software as a service model and to develop next-level features such as modelling for attenuation.

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 Emerson (Paradigm), 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 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. [*]

<u>RF Heating</u>

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

---

[*] 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.

[*] 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.

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 four years including 2017, the Company received funding from NRC-IRAP to partially finance its RF heating technology development. Acceleware's RF heating R&D program is focused on removing certain known technical limitations preventing the widespread adoption of this technology in enhanced oil recovery. In 2015, the Company conducted successful laboratory testing of critical components of the technology. In 2016, the Company commenced testing in larger scale field experiments, with additional components, to more closely replicate a commercial system, and completed the first phase of those tests in 2017. The Company expects to continue field tests in 2018 with the commencement of a commercial-scale test in an oil sands reservoir. Acceleware has been awarded a $10 million non-repayable contribution to complete a commercial-scale field test of its RF XL technology. The funding will be provided by 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. In 2018, the Company has begun development of key components that will be utilized in the commercial-scale test. Acceleware, with partner GE, has completed the preliminary design of the prototype RF generator that will be used in the test, has developed design concepts for drilling and completing RF XL wells, and has begun preliminary engineering of the surface facilities that will be used during the test. Acceleware continues to invest in intellectual property protection and has several new patent applications in development. *

Electromagnetic software products

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

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

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

Consulting services

With the signing of the consulting services agreement with AMD noted above, and the transition of the custom software services team to AMD, Acceleware will no longer offer software development services and training. Acceleware will continue to offer RF heating simulation and feasibility services on a consulting basis.

---

* 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.

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 (loss) income before tax and earnings (loss) per share for the eight most recently completed quarters ended September 30, 2018.

| | 2018 | | | 2017 | | | | 2016 |
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	$263,978	$350,098	$170,259	$271,690	$237,576	$312,612	$498,189	$175,639
Cash used in operating activities	(551,816)	(310,203)	(543,179)	(336,811)	(721,543)	(99,769)	(862,994)	(837,494)
Total comprehensive loss for the period	(1,051,292)	(645,911)	(839,377)	(745,937)	(913,738)	(641,197)	(448,859)	(953,737)
Loss per share basic and diluted	($0.010)	($0.007)	($0.009)	($0.008)	($0.011)	($0.007)	($0.005)	($0.011)

In Q3 2018, Acceleware recorded higher revenue than the same quarter in 2017. However, revenue decreased compared to the most recent quarter. The increase compared to Q3 2017 is due to increased demand in the oil and gas software and services market. Despite higher revenue, total comprehensive loss increased significantly in Q3 2018 compared to both Q3 2017 and Q2 2018 to increased R&D spending associated with the commercial-scale test of RF XL. However, cash used in operating activities increased in Q3 2018 compared to cash used in Q3 2017, due to a temporary increase in accounts payable.

Results of Operations

Overall Performance

Operating loss was 55% higher in Q3 2018 at $1,042,828 compared to $674,274 in Q3 2017 due to increased R&D expense. The Company is incurring R&D expenses associated with the commercial-scale test of RF XL. Operating loss was also 62% higher than the loss of $645,643 recorded in Q2 2018 also due to the increased R&D expense. The Company had a total comprehensive loss for Q3 2018 of $1,051,292, 15% higher than the total comprehensive loss of $913,738 recorded in Q3 2017. The higher total comprehensive loss is also to higher R&D expenses Q3 2018 compared to Q3 2017, despite higher revenue. The total comprehensive loss increased 63% compared to Q2 2018 when it was $645,911 due to higher R&D expense.

For the nine months ended September 30, 2018 operating loss rose 38% to $2,522,350 from the $1,829,946 recorded in the nine months ended September 30, 2017 due to lower revenue, higher R&D expense, and higher G&A expense related to share-based compensation (stock options). For the nine months ended September 30, 2018 total comprehensive loss was $2,536,580, an increase of 27% compared to a loss of $2,003,794 recorded in the nine months ended September 30, 2016. The Company incurred finance expense and a loss on derivative instruments in the nine months ended September 30, 2017 for which there was no related expense in 2018.

On a segmented basis, loss from operations attributed to the RF heating segment increased 88% in Q3 2018 at $1,013,330 compared to $558,538 in Q3 2017, due to a significant increase in R&D expense. Operating loss for RF heating was 61% higher in Q3 2018 compared to the loss of $628,420 recorded in Q2 2018 due to higher R&D

expenses. Operating loss attributed to software and services was 78% lower at $29,498 in Q3 2018, compared to a loss of $136,436 in Q3 2017 due to higher revenue and lower cost of revenue. Software and services operating loss increased in Q3 2018 compared to the operating loss of $17,223 recorded in Q2 2018 due to lower revenue.

For the nine months ended September 30, 2018, RF heating operating loss increased 33% to $2,236,754 from $1,684,015 for the nine months ended September 30, 2017 due to lower revenue and significantly higher R&D expense. For the nine months ended September 30, 2018, software and services operating loss was $285,596 compared to operating loss of $145,931 for the nine months ended September 30, 2017 due to lower seismic product revenue, higher G&A expense related to stock-based compensation, and higher R&D investment.

Revenue

Revenue	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Product sales	$ 5,496	$ 50,311	$ 7,801	-89%	-30%
Maintenance	145,203	165,496	182,559	-12%	-20%
Consulting	113,279	21,769	159,738	420%	-29%
	$ 263,978	$ 237,576	$ 350,098	11%	-25%

During Q3 2018, the Company recognized revenue of $263,978 representing a 11% increase over the $237,576 recognized during Q3 2017, due to higher consulting services revenue for oil and gas customers. Revenue fell 25% compared to the $350,978 recognized in Q2 2018 primarily due to lower seismic product revenue and lower HPC training revenue.

RF Heating Revenue	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Product sales	$ -	$ 20,700	$ -	-100%	N/A
Maintenance	-	-	-	N/A	N/A
Consulting	-	-	-	N/A	N/A
	$ -	$ 20,700	$ -	-100%	N/A

As noted above, the Company did not recognize any RF heating revenue in Q3 2018 or Q2 2018 as it focused on its commercial-scale test of RF XL.

Software and services Revenue	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Product sales	$ 5,496	$ 29,611	$ 7,801	-81%	-30%
Maintenance	145,203	165,496	182,559	-12%	-20%
Consulting	113,279	21,769	159,738	420%	-29%
	$ 263,978	$ 216,876	$ 350,098	22%	-25%

Software product sales revenue fell 81% to $5,496 in Q3 2018 compared to $29,611 in Q3 2017 due to lower seismic software sales. Product sales also fell 30% to $5,496 in Q3 2018 compared to $7,801 in Q2 2018, due to lower AxFDTD revenue. Software maintenance revenue fell 12% from $165,496 in Q3 2017 to $145,203 in Q3 2017 and was 20% lower than the $182,559 recorded in Q2 2018, both due to decreased seismic imaging software and AxFDTD maintenance customers. Software consulting revenue rose 420% to $113,978 in Q3 2018 compared to $21,769

recognized in Q3 2017 due to higher HPC oil and gas custom software revenue and higher training revenue. Software consulting revenue was 25% lower in Q3 2018 compared to $159,738 in Q2 2018, on lower HPC training revenue.

Revenue		Nine months ended 6/30/2018		Nine months ended 6/30/2017	% change Nine months ended 06/30/2018 vs. Nine months ended 06/30/2017
Product sales	$	17,517	$	116,682	-85%
Maintenance		456,239		473,943	-4%
Consulting		310,579		457,752	-32%
	$	784,335	$	1,048,377	-25%

During the nine months ended September 30, 2018, the Company reported total revenues of $784,335, a 25% decrease compared to $1,048,377 for the nine months ended September 30, 2017, due to lower RF heating revenue, and lower software and services product revenue.

RF Heating Revenue		Nine months ended 9/30/2018		Nine months ended 9/30/2017	% change Nine months ended 9/30/2018 vs. Nine months ended 9/30/2017
Product sales	$	-	$	20,700	-100%
Maintenance		-		-	N/A
Consulting		-		200,000	-100%
	$	-	$	220,700	-100%

RF heating revenue decreased to $nil in the nine months ended September 30, 2018 compared to $220,700 to the nine months ended September 20, 2017 when the company sold data from its RF XL field test, and sold a license to its AxHEAT simulation software.

Software and Services Revenue		Nine months ended 9/30/2018		Nine months ended 9/30/2017	% change Nine months ended 9/30/2018 vs. Nine months ended 9/30/2017
Product sales	$	17,517	$	95,982	-82%
Maintenance		456,239		473,943	-4%
Consulting		310,579		257,752	20%
	$	784,335	$	827,677	-5%

Software and services revenue fell 5% in the nine months ended September 30, 2018 to $784,335 compared to the $827,677 recorded in the nine months ended September 30, 2017. Software product revenue fell sharply to $17,517 in the nine months ended September 30, 2017, an 82% decline compared to $95,982 recorded in the nine months ended September 30, 2017. The decrease is due in large part to a significant decrease in seismic imaging software sales, including the custom Repsol RTM project which transitioned to maintenance. Maintenance revenue decreased 4% to $456,239 for the nine months ended September 30, 2018 from $473,943 in the nine months ended September 30, 2017. As the Company's oil and gas customers remain cautious in their spending, oil and gas consulting services have declined, however HPC training revenue has increased. Consulting revenue rose 20% to $310,579 in the nine months ended September 30, 2018 from the $257,752 recognized in the nine months ended September 30, 2017.
Expenses

Expenses	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Cost of revenue	$ 22,282	$ 72,571	$ 17,517	-69%	27%
General & administrative	445,965	459,951	518,500	-3%	-14%
Research & development	838,559	379,328	459,724	121%	82%
	$ 1,306,806	$ 911,850	$ 995,741	43%	31%

Expenses rose 43% during Q3 2018 to $1,306,806 from $911,850 in Q3 2017 due to higher R&D expense associated with the RF XL pilot. Expenses also rose 31% from the $995,741 recorded in Q2 2018 for the same reason.

RF heating expenses	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Cost of revenue	$ -	$ 2,080	$ -	-100%	N/A
General & administrative	298,704	298,864	336,028	0%	-11%
Research & development	714,626	257,594	292,392	177%	144%
	$ 1,013,330	$ 558,538	$ 628,420	81%	61%

While overall G&A expenses were similar in Q3 2018 at $298,704 compared to $298,864 in Q3 2017 they decreased 11% over the $336,028 in Q2 2018 due to lower stock option expense. R&D attributed to RF heating rose 177% in Q3 2018 to $714,626, compared to Q3 2017 when the Company invested $257,594. The increase is principally a result of costs associated with the development of a prototype RF generator for the RF XL pilot project. R&D increased 144% from the $292,594 invested in Q2 2018 for the same reason.

Software and services expenses	Three months ended September 30, 2018	Three months ended September 30, 2017	Three months ended June 30, 2018	% change Q3 2018 over Q3 2017	% change Q3 2018 over Q2 2018
Cost of revenue	$ 22,282	$ 70,491	$ 17,517	-68%	27%
General & administrative	147,261	161,087	182,472	-9%	-19%
Research & development	123,933	121,734	167,332	2%	-26%
	$ 293,476	$ 353,312	$ 367,321	-17%	-20%

G&A expenses attributable to software and services fell 9% to $147,261 from $161,087 recorded in Q3 2017, due to lower option expense. G&A decreased 19% from $182,472 in Q2 2018 due to lower expenses for share-based payments for stock options. Software and services R&D expenditures were increased 2% to $123,933 in Q3 2018 from $121,734 in Q3 2017 as more technical staff were engaged in R&D rather than consulting services. However, R&D decreased 26% compared to $167,332 in Q2 2018 when the opposite was the case.

Expenses			% change Nine months ended 9/30/2018 over nine months ended 9/30/2017
	Nine months ended 9/30/2018	Nine months ended 9/30/2017	
Cost of revenue	$ 52,219	$ 160,257	-67%
General & administrative	1,512,355	1,414,131	7%
Research & development	1,742,111	1,303,935	34%
	$ 3,306,685	$ 2,878,323	15%

Expenses increased 15% during the nine months ended September 30, 2018 to $3,306,685 from $2,878,323 for the nine months ended September 30, 2017, due to higher G&A expense caused by higher share-based expense associated with stock options, and greater investment in R&D. Cost of revenue for the nine months ended September 30, 2018 fell 67% to $52,219 from $160,257 in the nine months ended September 30, 2017 with fewer staff engaged in software consulting services. G&A expenses increased 7% in the nine months ended September 30, 2018 to $1,512,355 compared to $1,414,131 in the nine months ended September 30, 2017 primarily due to increased share-based compensation. Share-based payments allocated to G&A were $345,157 in the nine months ended September 30, 2018 compared to $268,449 for the nine months ended September 30, 2017. R&D expenses rose 34% in the nine months ended September 30, 2018 to $1,742,111 from $1,303,935 in the nine months ended September 30, 2017. The increase is principally a result of costs associated with the development of a prototype RF generator for the RF XL pilot project.

RF Heating Expenses			% change Nine months ended 9/30/2018 over nine months ended 9/30/2017
	Nine months ended 9/30/2018	Nine months ended 9/30/2017	
Cost of revenue	$ -	$ 2,080	-100%
General & administrative	980,356	955,383	3%
Research & development	1,256,398	947,252	33%
	$ 2,236,754	$ 1,904,715	17%

RF heating G&A rose 3% to $980,356 in the nine months ended September 30, 2018 from $955,383 in the nine months ended September 30, 2017 due to increase stock option expense. RF heating R&D investment increased 33% in the nine months ended September 30, 2018 to $1,256,398 compared to $947,252 in the nine months ended September 30, 2017 due to increased RF heating R&D activities associated with the RF XL pilot project.

Software and Services Expenses			% change Nine months ended 9/30/2018 over nine months ended 9/30/2017
	Nine months ended 9/30/2018	Nine months ended 9/30/2017	
Cost of revenue	$ 52,219	$ 158,177	-67%
General & administrative	531,999	458,748	16%
Research & development	485,713	356,683	36%
	$ 1,069,931	$ 973,608	10%

Software cost of revenue for the nine months ended September 30, 2018 decreased 67% to $52,219 compared to $158,177 in the nine months ended September 30, 2017, due to reduced personnel costs associated with custom

software development projects. Software G&A increased 16% to $531,999 in the nine months ended September 30, 2018 from $458,748 in the nine months ended September 30, 2017 due to increased marketing and sales costs and increased stock option expense. Software R&D investment increased 36% in the nine months ended September 30, 2018 to $485,713 compared to $356,683 in the nine months ended September 30, 2017 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, 2018, Acceleware had working capital deficit of $679,294 compared to working capital surplus of $403, 501 at December 31, 2017 including $279,276 (December 31, 2017 - $781,315) in cash and cash equivalents, and $168,732 (December 31, 2017 - $183,373) in combined short-term and long-term debt in the form of finance leases. The decrease in working capital is a result of the comprehensive loss incurred in the nine months ended September 30, 2018 particularly the large investment in RF heating R&D. The working capital deficit and cash balance significantly improved subsequent to the period end as a result of the project financing agreements noted above.

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 operations totaled $551,816 for the three months ended September 30, 2018, compared to cash used of $721,543 for the three months ended September 30, 2017. The change is a result of a temporary increase in accounts payable. Cash used in operations before changes in non-cash working capital increased to $899,831 in Q3 2018 compared to $550,446 in Q3 2017. During the nine months ended September 30, 2018 cash used in operations was reduced to $1,405,198 from $1,684,306 in the nine months ended September 30, 2017.

Trade and Other Receivables

Trade and other receivables as at September 30, 2018 rose to $214,630, compared to $203,621 as at December 31, 2017. The increase is a result of higher revenue in Q3 2018 compared to Q4 2017. The Company maintains close contact with its customers to mitigate risk in the collection of receivables.

Alberta SR&ED Tax Credits

The Company has recorded $159,487 (December 31, 2017 - $224,771) in receivables as at September 30, 2018. The decrease is a result of the Company receiving in Q2 2018 $222,443 in cash related to its 2017 Alberta SR&ED tax credit claim.

---

[*] 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

Current Liabilities

As at September 30, 2018, the Company had current liabilities of $1,366,732 compared to current liabilities of $844,359 as at December 31, 2017. The increase in current liabilities is due to higher trade payables and higher deferred revenue.

Investing Activities

For the nine months ended September 30, 2018, $nil was invested in property and equipment compared $16,387 for the nine months ended September 30, 2017.

Financing Activities

During the nine months ended September 30, 2018, 677,296 stock options and 4,303,896 warrants were exercised for cash proceeds of $963,761.

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 December 31, 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, 2017. A discussion of risks affecting the Company and its business is set forth under the heading Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2017.

Transactions with Related Parties

For the three months ended September 30, 2018, the Company incurred expenses in the amount of $41,250 (three months ended September 30, 2017 - $42,250) and $123,750 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - $123,250) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development expense. As at September 30, 2018, $138,457 was included in accounts payable and accrued liabilities (December 31, 2017 - $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, 2018, the Company incurred expenses in the amount of $599 (three months ended September 30, 2017 - $4,614) and $13,153 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - $26,836) 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, 2018, $16,181 was included in accounts payable and accrued liabilities (December 31, 2017 - $14,280). 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, 2018, the Company incurred expenses in the amount of $2,900 (three months ended September 30, 2017 - $1,875) and $14,250 for the nine months ended September 30, 2018 (nine months ended September 30, 2017 - $9,525) 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, 2018, $nil was included in accounts payable and accrued liabilities (December 31, 2017 - $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, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017
Salaries and short-term employee benefits	$	174,247	$	175,904	$	522,503	$	540,567
Share-based payments		91,939		101,829		309,894		285,050
	$	266,186	$	277,733	$	832,397	$	825,618

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2017 outlined critical accounting policies including key estimates and assumptions that Management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in Management's key estimates and assumptions and except for the adoption of IFRS 15 and IFRS 9, the significant accounting policies used in the preparation of the condensed interim financial statements are unchanged from those disclosed in the Company's financial statements for the year ended December 31, 2017.

New standards and interpretations adopted

IFRS 9, Financial Instruments ("IFRS 9") replaces 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. The classification of financial assets and liabilities is generally based on the business model in which the financial asset or liability is managed and its contractual cash flow characteristics. The Company adopted IFRS 9 effective January 1, 2018. The Company's financial assets of cash, cash equivalents, and trade and other receivables, as well as the Company's financial liabilities of accounts payable and accrued liabilities are all classified and measured as amortized cost. The adoption of the new standard had no effect on the carrying amount recognized in the financial statements for any of these items and had a nominal effect on the Company's disclosure.

The Company has adopted IFRS 15 Revenue from Contracts with Customers with an initial adoption date of January 1, 2018. The Company used the cumulative effect method to adopt the new standard and, therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11 (see note 11 to the unaudited Condensed Interim Financial Statements for the period ended September 30, 2018 for further details).

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:

On January 13, 2017, 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). When 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	102,100,183
Stock Options	9,470,076
Warrants	5,038,894

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the unaudited financial statements for September 30, 2018 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended September 30, 2018	Three months ended September 30, 2017
Salaries	$ 314,282	$ 299,457
Consulting	471,547	49,425
R&D lab supplies	9,891	6,617
Share-based payments	39,759	42,880
Rent and overhead allocations	21,941	21,942
Amortization	12,529	7,350
Government assistance	—	—
Alberta SR&ED Tax Credits	(31,390)	(48,343)
Total	**$ 838,559**	**$ 379,328**

Sales, General and Administration	Three months ended September 30, 2018	Three months ended September 30, 2017
Salaries	$ 172,091	$ 172,406
Marketing	23,540	49,632
Travel	8,306	7,002
Share-based payments	86,644	93,819
Rent, supplies and public company fees	69,072	67,670
Amortization	12,529	7,351
Professional fees	73,783	62,071
Bad debt expense	—	—
Total	**$ 445,965**	**$ 459,951**