ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") unaudited condensed interim financial statements and the accompanying notes for the three and nine months ended September 30, 2020, 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, 2019, 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 24, 2020. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

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

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

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing when required;
- the expectation of software revenue growth in the oil and gas sector through innovative licensing arrangements;
- potential benefits of the Company's software to customers, including cost savings and increases to cash flow and productivity;
- the impact on local and global markets of epidemic or pandemic disease, including the novel coronavirus disease known as COVID-19;
- oil and natural gas production levels of both Organization of Petroleum Exporting Countries ("OPEC") and non-OPEC countries;
- the future growth prospects for radio frequency ("RF") heating technology for heavy oil and oil sands based on technical and economic feasibility analyses and testing performed to date;
- the patentability of concepts developed through RF Heating research and development ("R&D") efforts;
- the expectation that the positive economic and technical analyses and testing to date will be reinforced by future results of subsequent testing of the RF technology;
- advantages to using Acceleware's products and technology;
- the demand for new products currently under development at the Company;
- ease and efficiency of implementing Acceleware's products; and
- supply and demand for Acceleware's primary software products.

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

- that the future revenue and resulting cash flow expected by the Company's management ("Management") and ability to attract new financing will be sufficient to fund future operations - this assumption being subject to the risk and uncertainty that the Company may not generate enough cash flow from operating activities to meet its capital requirements and that the Company may not be able to secure additional capital resources from external sources to fund any shortfall. Operating cash flow may be negatively affected by general economic conditions, increased competition, increased equipment or labour costs, and adverse movements in foreign currencies. Should the Company experience a cash flow shortfall from operating activities, Management's contingency plan may not be sufficient to reverse the shortfall;
- that industry and government interest in reducing greenhouse gas emissions ("GHG") remains constant or increases;
- that the long-term impact of the COVID-19 pandemic on the Company's products and services and R&D efforts will be manageable;
- that the long-term effect of any agreement or non-agreement among both OPEC and non-OPEC countries regarding production levels on the Company's products, services, and R&D efforts will be manageable;
- that the preliminary analyses coupled with lab and field testing that the Company has performed to date regarding the technical and economic feasibility of RF Heating technology for heavy oil and oil sands will be confirmed in future commercial-scale testing and in commercial products;
- that the Company will receive all regulatory approvals required to carry out the commercial-scale testing of its RF Heating technology;
- that the RF Heating concepts developed by the Company are unique, novel and non-infringing of intellectual property owned by others;
- that the Company will be able to maintain sales of its software products and services by focusing on innovative licensing arrangements and continuously improving its products – which is subject to the risks that sales in core vertical markets may be negatively affected by general economic conditions, that the Company's R&D efforts may be unable to develop continuous improvements; and
- that it will be able to withstand the impact of increasing competition.

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

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

BUSINESS OVERVIEW

Acceleware is an innovator of transformative technology leading to a new era of responsible and cost-effective energy development focused within two business segments: radio frequency heating ("RF Heating") for enhanced oil recovery and high-performance computing ("HPC") scientific software.

RF XL is Acceleware's patented and patent-pending RF Heating technology, designed to improve the extraction of heavy oil and bitumen, with a cost effective and environmentally friendly alternative to steam assisted gravity drainage ("SAGD"). When applied, RF XL has the potential to reduce both capital and operating costs, while offering significant environmental benefits, including:

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

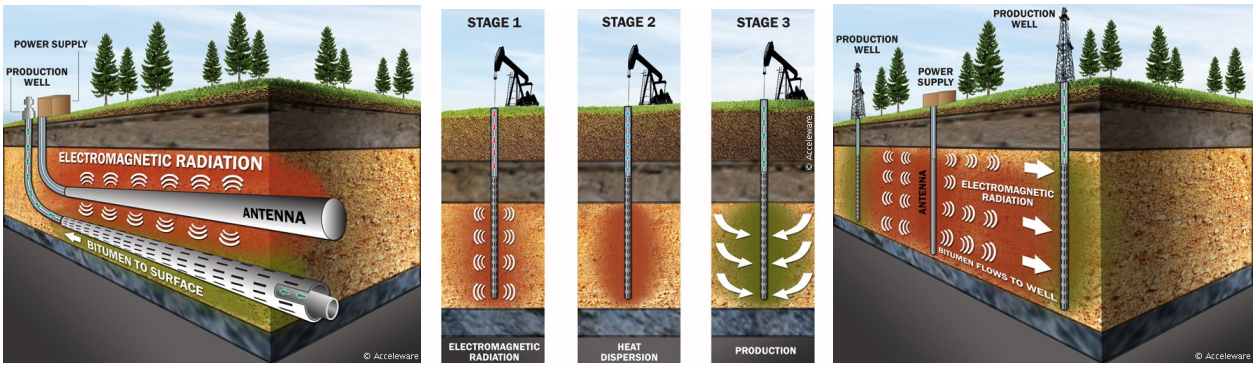
The Company believes that RF XL Heating technology, as an electrically-driven process, can provide a clear pathway to zero-GHG production of heavy oil and oil sands and provide optimal alignment with industry and government to recognize innovation as a meaningful component of the oil and gas industry's overall emission reduction plans.*

Acceleware's HPC segment helps customers meet their oil and gas exploration needs with seismic imaging software that provides the most accurate and advanced imaging available for oil exploration in complex geological zones and formations, and their electronic and medical product development needs with state-of-the-art electro-magnetic ("EM") simulation software.

RF Heating for Enhanced Oil Recovery

Acceleware's RF Heating technology broadly falls into two versions:

1. Modular RF is a technology primarily aimed at deeper, vertical wells where efficiencies can be gained due to the innovative approach offered by downhole RF power generation.
2. RF XL Heating targets long horizontal wells most often associated with in-situ oil sands production.



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

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

*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.

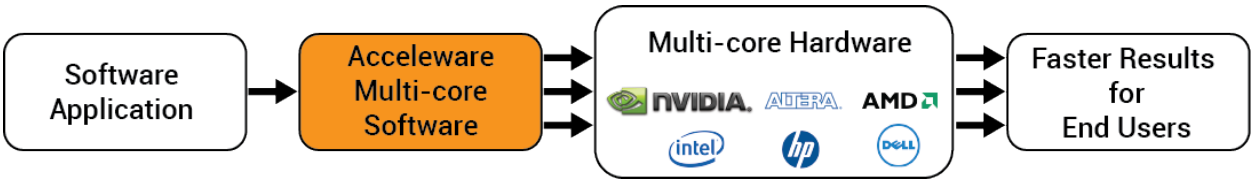
In 2010, Acceleware began investigating technology that would use RF energy for in-situ heating of heavy oil and bitumen. Over the ensuing ten years, Acceleware has vigorously developed RF Heating technology with four patents granted and 25 patent applications pending or under development.

Through the Company's RF Heating development and services business, Acceleware developed sophisticated simulation software tools based on its proprietary AxFDTD solution coupled with third party reservoir simulation software. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™, a product aimed at oil and gas companies investigating the effectiveness of RF Heating to increase the efficiency of heavy oil and oil sands production.*

RF Heating for oil production is not a new concept, as known trials have been conducted in several locations across Russia and North America. However, these previous trials showed limited success. Acceleware believes that these limitations can be overcome with new technology. The Company's RF Heating R&D efforts have focused on reducing the capital cost of the technology, making it more flexible for use in a variety of resource plays, and improving its scalability to be conducive for very long horizontal wells commonly used in Alberta's oil sands, as well as in Latin America, Asia, the Middle East and elsewhere. Acceleware's unique expertise with RF Heating technology has also resulted in the generation of service revenue both locally and abroad.

High-Performance Computing Software

Acceleware's traditional HPC market has been centered around EM simulation software, and the Company continues to provide products to this industry. Its first software commercialized was an accelerated finite difference time domain ("FDTD") solution for the EM simulation industry. AxFDTD™ has been used by many Fortune 500 companies such as GE, Apple, Samsung, LG, Blackberry, Foxconn, Nikon, Renault, Mitsubishi, Merck, Boeing and Lockheed Martin, many of which continue to use the software today. With AxFDTD, Acceleware was a pioneer in the graphics processing unit ("GPU") computing revolution as most of the major mobile telephone manufacturers in the world are using Acceleware's EM design solutions which facilitate more rapid design of their products. Acceleware's fourth-generation software acceleration solutions, which support multi-board GPU systems, can accelerate entire industrial simulation and processing applications by more than 35 times.



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

In the EM market, software developers choose to partner with Acceleware to increase the speed of their software. Such partners currently include SPEAG, ZMT Zurich MedTech and Keysight Technologies. Acceleware reaches the EM market through a combination of partner channels and direct sales. Investment in AxFDTD continues for traditional markets because it is an enabling technology for AxHEAT.

Acceleware recognized the similarity between EM FDTD and certain seismic imaging algorithms, which led the Company to enter the seismic imaging market in 2008. The Company's first product was a GPU accelerated Kirchhoff

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Time Migration solution, followed closely by AxRTM™ in 2009, a central processing unit ("CPU") and GPU enabled Reverse Time Migration ("RTM") library.

In 2013, Acceleware introduced AxWave™, a forward modelling variant of AxRTM which allows customers to accurately model seismic acquisition and perform data characterization.

In late 2014, Acceleware added AxFWI™ a revolutionary modular full waveform inversion ("FWI") application to its seismic imaging suite. AxFWI allows geophysicists to create high quality subsurface velocity models in dramatically less time than before. Acceleware accesses the oil and gas geoscience software market with innovative licensing structures through a direct sales model that targets oil and gas exploration companies and seismic service providers.

Seismic forward modelling in complex subsurface geology using AxWave

In February 2004, Acceleware was founded by a group of graduate students and professors from the University of Calgary's Electrical Engineering department for the purpose of building software solutions that targeted the GPU as a compute platform. Since 2006, Acceleware's common shares have been listed on the TSX Venture Exchange (symbol: AXE). Acceleware is headquartered in Calgary, Alberta.

On September 30, 2020, Acceleware had 17 employees and long-term contractors, including: three in administration; four in sales, marketing and product management; and 10 in R&D and engineering.

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

OPERATING SUMMARY

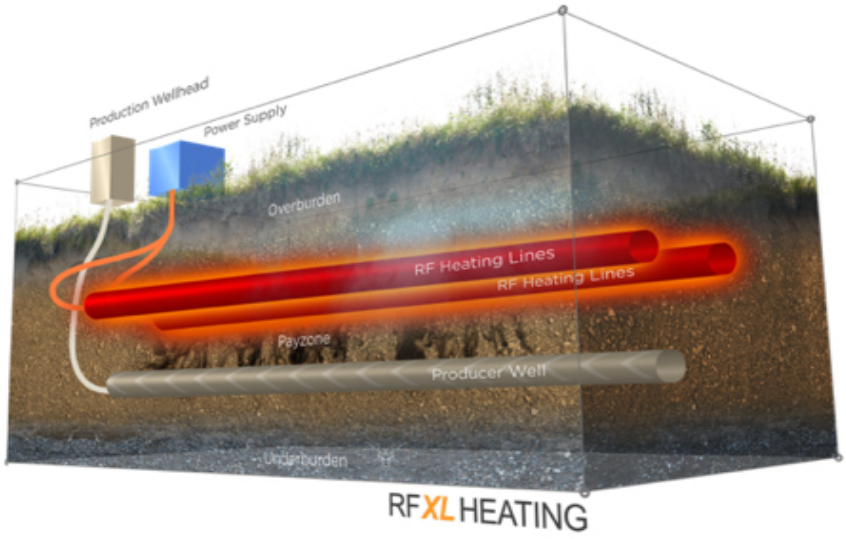
Acceleware has been very successful advancing the development of its patented and patent-pending RF Heating technology through the quarter. Most notable achievements include:

1. **Approval of Experimental Scheme from the Alberta Energy Regulator for the commercial-scale field test of RF XL:** The approval allows Acceleware to move into the next R&D testing phase which includes preparing the site near Marwayne, Alberta, drilling and completing the test wells, constructing surface facilities, and finally turning on heat. These activities are expected to start in late 2020 and continue through the first and second quarters of 2021.

2. **Grant of a key RF XL patent in the United States:** This patent's claims protect the fundamental design and operational elements that are key to delivering the numerous benefits of RF XL. The design elements included in the patent claim pave the way for efficient electrification of thermal enhanced oil recovery.

3. **Partnership with Saa Dene Group**: Acceleware has established Acceleware | Kisâstwêw, a limited partnership with Saa Dene Group (Partnership Website). Acceleware | Kisâstwêw merges two great cultures to drive the commercialization and adoption of Acceleware technologies, including RF XL. Acceleware's culture of innovation is a match with Saa Dene Group's extensive scope of experience and collaboration, influence within the Canadian energy industry, and desire for responsible energy resource development and stewardship.

The Company made progress on these key objectives despite the unprecedented circumstances and global economic impact related to the COVID-19 pandemic, which led to extremely challenging operating conditions across the oil and gas industry.



Schematic of Commercial-Scale test of RF XL

As a result of negotiations which began in Q1 2020, the Company executed agreements effective May 19, 2020 with Broadview Energy ("Broadview") to host the commercial-scale test of RF XL (the "Project") at a site in the Cold Lake Oil Sands region near the town of Marwayne, Alberta. Acceleware will farm-in to Broadview's Marwayne asset near Lloydminster, which offers favourable operating conditions that support accelerated timelines, including all-weather access, existing roads and well sites, and is in close proximity to key services and trades, all of which make Marwayne highly suitable for the Project. On October 16, 2020, regulatory approval was granted by the Alberta Energy Regulator on the experimental scheme application for the recovery of bitumen. Currently, the Company anticipates

a Project budget of between $16 and $20 million, of which approximately $16 million has already been raised by Acceleware. This includes $5.25 million in funding from Sustainable Development Technology Canada ("SDTC"), $5 million from Emissions Reduction Alberta ("ERA") and $2 million from a major Canadian oilsands producer. Acceleware is actively pursuing contributions from additional industry partners and government grant programs.

There were new patent applications filed in Q3 2020 to protect various proprietary technologies related to Acceleware's RF Heating research and development ("R&D"), for a total of 25 patent applications pending or under development. One additional patent was granted in Q3 2020, bringing the total number of patents granted to four. The Company continues to work closely with the patent offices and its intellectual property advisors.

Acceleware continues efforts to drive external awareness and position its RF Heating technology more prominently in the oil and gas and clean-tech communities. Several new blog posts and videos were released via social media which feature discussions on the RF Heating technology by Acceleware's engineering team. The collection of videos is available for viewing here: Acceleware Vlog Posts 2020 .

Acceleware has found significant interest from numerous media sources for information related to our corporate story and product development. This interest has led to featured interviews and presentations on programs such as the Danielle Smith Show on AM 770 CHQR radio; the Crownsmen Energy Show; Over a Barrel, a podcast hosted by the Canadian Heavy Oil Association; and in a Global Energy Show webinar on zero greenhouse gas ("GHG") production of heavy oil and oil sands reservoirs. The Company was featured on a podcast hosted by the Alberta Clean Technology Industry Alliance and released a whitepaper on the potential for a zero-GHG project for oil sands and heavy oil producers relying on electrification through RF XL. Episode 21 of the podcast featuring Acceleware can be accessed at the following link: Episode 21 ACTIA podcast with Acceleware and the whitepaper can be accessed from the Company's website at the following link: Acceleware White Papers.

Acceleware's involvement with the Clean Resource Innovation Network ("CRIN") in 2019 led to a series of articles featuring Acceleware, two of which were published in Q1 2020, by JuneWarren-Nickle's Energy Group ("JWN"). These articles showcased RF Heating technology and its impact on Canada's evolving energy landscape. The first two articles in the series can be accessed here:

- The State of Tech Innovation with Acceleware CEO Geoff Clark and
- Acceleware Entrepreneurs Work to Reduce Costs and Green-Up Oilsands Production

The Company's relationship with JWN also led to Acceleware's nomination as a finalist at the JWN Energy Excellence Awards in the category of "Environmental Excellence: Land" alongside other nominees such as ConocoPhillips Canada and Cenovus Energy Inc. Details of the award are available at the following link: JWN Energy Excellence Awards Companies Earn High Marks.

FINANCIAL SUMMARY

Oil prices have been turbulent over the course of 2020, with an unprecedented drop in May 2020 due to a decline in global demand triggered by the COVID-19 pandemic, followed by a partial recovery in November 2020. Acceleware has undertaken rapid and effective response measures to protect against the impacts of COVID-19 following government restrictions that were imposed to control the spread of the virus. Since the onset of the pandemic, the Company's priority has remained the health and safety of its staff, clients, partners and other stakeholders. Acceleware implemented modified work practices, staggered work hours as needed, physical distancing and work-from-home protocols to meet all appropriate health and safety standards. The Company is pleased to report that transitioning its workforce to remote working environments has resulted in minimal productivity disruption.

In response to ongoing oil price volatility which could adversely affect the market for the Company's products and services and its ability to secure funds for its pilot project, Management has been actively seeking alternative forms of financing, including government assistance programs that have been made available for growth stage organizations. Acceleware meets eligibility criteria for the Canada Emergency Wage Subsidy and received funding for the period extending from March 15, 2020 to September 30, 2020. The Company has also applied for a loan provided by Canada's COVID-19 Economic Response Plan through the Regional Relief and Recovery Fund of the Innovation, Science and Economic Development Institution of Canada.

QUARTER IN REVIEW

Revenue of approximately $0.1 million was generated in the three months ended September 30, 2020 ("Q3 2020") compared to approximately $0.2 million in the three months ended September 30, 2019 ("Q3 2019"). Revenue of approximately $0.6 million generated in the previous quarter ended June 30, 2020 ("Q2 2020"), was higher than in Q3 2020 due to a meaningful HPC software contract with an international customer that was recognized in Q2 2020.

Total comprehensive loss for Q3 2020 of approximately $0.5 million was in line with Q3 2019.

Gross R&D expenses incurred in Q3 2020 of approximately $0.5 million were consistent with the same period in 2019. Federal and provincial government assistance of approximately $0.3 million was recognized in Q3 2020 (Q3 2019 – approximately $0.2 million), offsetting research and development costs that were incurred. During the last quarter of 2018, Acceleware completed contribution agreements for the commercial-scale RF XL pilot test with SDTC and ERA as well as a major Canadian oil sands producer. The government assistance funding is recorded as an offset to R&D expenses as the spending is incurred.

General and administrative ("G&A") expenses of approximately $0.4 million in Q3 2020 were $0.2 million lower than in the same period in 2019 due to lower payroll and consulting related costs. The Company continues to prioritize cost control in these uncertain economic conditions.

YEAR TO DATE REVIEW

Revenue of approximately $0.8 million was generated in the nine months ended September 30, 2020 compared to approximately $1.3 million in the nine months ended September 30, 2019. Revenue in the nine months ended September 30, 2019 was higher as it includes a one-time sale of software licenses for seismic imaging.

Total comprehensive loss for the nine months ended September 30, 2020 was approximately $1.1 million compared to approximately $0.9 million in the nine months ended September 30, 2019 due to the above-mentioned decrease in revenue and increased spending focused on R&D initiatives that (1) have a longer-term payback and (2) are directed at increasing the Company's profile and presence in the clean technology segment of the energy industry.

Gross R&D expenses incurred in the nine months ended September 30, 2020 were approximately $1.6 million, consistent with expenses incurred during the nine months ended September 30, 2019. Federal and provincial government assistance of approximately $1.0 million was recognized in the nine months ended September 30, 2020 compared to approximately $1.1 million in the nine months ended September 30, 2019, which offset research and development costs incurred.

G&A expenses incurred in the nine months ended September 30, 2020 were approximately $1.4 million compared to approximately $1.7 million in the nine months ended September 30, 2019 due to lower payroll and marketing costs. The Company continues to prioritize cost management in these uncertain economic conditions.

As at September 30, 2020, Acceleware had working capital of approximately $0.3 million (December 31, 2019 – approximately $1.0 million) including cash and cash equivalents of approximately $2.9 million (December 31, 2019 – approximately $4.4 million). The decrease in cash is attributable to ongoing investments in the RF XL field test and lower revenue.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Company continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available. 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. [*]

STRATEGIC UPDATE

Acceleware will continue to focus on the energy markets, with RF Heating, AxRTM, AxWave, AxFWI, and AxHEAT as the primary strategic revenue-generating and investment technologies. Innovations and improvements to AxFDTD will continue for the EM markets and be an enabling technology for AxHEAT in the energy market. Acceleware has a proven track record for successful development and commercialization of revolutionary technologies.

Historically low oil prices combined with the unprecedented impact of COVID-19 and measures taken by governments and companies to contain its spread may affect the Company's ability to raise additional funding for the final stages of the commercial scale pilot test of RF XL. A delay in the testing program may result in additional costs and a delay in technology commercialization. To mitigate this risk, the Company plans to prioritize the RF XL segment by concentrating capital allocation and resources deployment to it.

RF Heating

Acceleware began investigating technology in 2010 that would use RF energy for in-situ heating of heavy oil and bitumen. In each of the four years up to 2017, the Company received funding from NRC-IRAP to partially finance its RF Heating technology development. In 2018, the Company began preparation for a commercial-scale field test of its RF XL technology, which will use two megawatts of electricity with an 800m-1000m horizontal well.

In 2018, Acceleware was awarded a $10 million non-repayable contribution funded 50/50 by the federal government of Canada and the provincial government of Alberta in accordance with their mandates to bring clean technologies to market that are economically viable and reduce GHG emissions. Acceleware raised a further $2 million in funding

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for the test from a major Canadian oil sands producer. The Company continues to pursue partnerships with oil sands producers to provide additional financial and technical support for this commercial-scale field test in an oil sands reservoir.

In 2019, Acceleware, with partner GE, completed the design, manufacturing, and factory testing of the prototype RF converter that will be used in the commercial-scale field test. In late 2019, the prototype RF generator was field tested at the Company's simulated "ditch" reservoir in Alberta and produced record results. Acceleware has also finalized design concepts for drilling and completing RF XL wells and has completed front-end engineering and design of the surface facilities that will be used during the test.

Acceleware has received conditional approval from its core funders for the partnership with Broadview. In October 2020, the Company received approval of its Experiment Recovery Scheme Application under the Oil Sands Conservation Act from the Alberta Energy Regulator for the Company's commercial-scale field test at Marwayne, Alberta. The regulatory approval paves the way for Acceleware to proceed with the Project, and the Company is currently working with its service and component supply partners to order long lead equipment and materials and schedule for the deployment of the test.*

HPC

In 2019, the Company focused on selling seismic imaging software to the oil and gas exploration market and continued the development of its suite of seismic products, as well as adding features, functionality and performance to AxRTM, AxWave and AxFWI. Going forward, the Company will access the oil and gas geoscience software market with innovative licensing structures through a direct sales model.

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

While the Company is focusing on energy markets, it continues to develop and sell its EM FDTD solution to end users primarily through independent software vendors ("ISV") that have integrated Acceleware's solution into their software architecture. Acceleware 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. Acceleware's key ISV partners include SPEAG, ZMT Zurich MedTech AG, Keysight Technologies, Synopsis, Inc., and Crosslight Software Inc.

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SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, cash generated (used) in operating activities, total comprehensive (loss) income and earnings (loss) per share for the eight most recently completed quarters ended September 30, 2020.

	2020			2019				2018
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue	$130,219	$611,712	$83,003	$154,715	$197,001	$213,475	$888,733	$3,533,026
Cash generated (used) in operating activities	(544,129)	(1,216,156)	368,055	221,293	(478,372)	339,678	1,211,576	2,807,350
Total comprehensive (loss) income for the period	(541,689)	(50,709)	(465,318)	(621,751)	(551,412)	(453,145)	67,498	2,437,958
Loss (earnings) per share basic and diluted	($0.005)	(0.0005)	($0.004)	($0.006)	($0.005)	($0.004)	$0.001	$0.024

Due to the change in the software revenue model, the Company now expects fewer overall sales transactions with higher overall revenue per transaction, which could potentially lead to increased volatility in quarterly revenue. This was evident in 2019 and 2020 as revenue fluctuated relative to 2018. As a result of the fluctuations, the Company recorded higher revenue and a lower total comprehensive loss in each of Q2 2020 and Q1 2019. The collection of receivables on higher revenue generated in Q4 2018 and Q1 2019, combined with the timing of receipt of government funding for R&D throughout 2019 and Q1 2020, contributed to periods of positive cash flow from operating activities.

RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2020

Revenue	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Software	**$ 5,339**	$ 18,799	**$** 569,300	-72%	-99%
Maintenance	**124,880**	175,966	42,412	-29%	194%
Services	**-**	2,236	-	-100%	N/A
	$ 130,219	$ 197,001	**$** 611,712	-34%	-79%

During Q3 2020, the Company recognized revenue of $130,219 driven entirely by software revenue in the HPC division. Maintenance revenue decreased in the HPC division due partially to lower demand for seismic imaging software due to weakness within the oil and gas industry and partially due to the expiry of software maintenance licences at the end of 2019. Early in 2019 the Company ceased to offer HPC software consulting services and therefore has realized minimal services revenue since that time.

RF Heating Revenue	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Software	**$ -**	**$** 14,350	**$** -	-100	N/A
Maintenance	**-**	1,575	-	-100%	N/A
	$ -	**$** 15,925	**$** -	-100%	N/A

RF Heating revenue fell to $nil for Q3 2020 compared to $15,925 in Q3 2019 and $nil in Q2 2020, as a result of the Company re-focusing its efforts entirely on the commercial-scale test of RF XL and away from efforts to generate

revenues from the Company's AxHEAT RF heating simulation software. In addition to software and maintenance services, the Company continues to offer RF heating simulation and feasibility services.

HPC Revenue	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Software	**$ 5,339**	4,449	$ 569,300	20%	-99%
Maintenance	**124,880**	174,391	42,412	-28%	194%
Services	**-**	2,236	-	-100%	N/A
	$ 130,219	181,076	$ 611,712	-28%	-79%

HPC revenue declined to $130,219 in Q3 2020 from $181,076 in Q3 2019 and $611,712 in Q2 2020 due to the new licensing sales model referenced above and a meaningful contract signed in Q1 2020 for which work was completed in Q2 2020. Maintenance revenue decreased in the HPC division due to the expiry of software maintenance licences at the end of 2019. As of early 2019, the Company no longer offers HPC consulting services and therefore has minimal services revenue.

Expenses	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Cost of revenue	**$ -**	$ -	$ -	N/A	N/A
General & administrative	**439,089**	562,876	453,763	-22%	-3%
Research & development	**183,408**	237,225	127,605	-23%	44%
	$ 622,497	$ 800,101	$ 581,368	-22%	7%

Expenses decreased 22% in Q3 2020 compared to Q3 2019 and increased slightly by 7% compared to the previous quarter. G&A expenses continue to trend lower in Q3 2020 compared to both Q3 2019 and Q2 2020 due to lower payroll and payroll-related costs which are a result of cost management activities and government wage subsidies under the COVID-19 relief program. R&D expenses were 23% lower in Q3 2020 than in Q3 2019 due to higher government assistance recognized in Q3 2020 related to the RF XL commercial-scale test and were 44% higher than the previous quarter due to higher payroll and contractor costs for planning activities related to execution of the commercial-scale test of RF XL technology.

RF Heating expenses	**Three months ended September 30, 2020**	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Cost of revenue	**$ -**	**$** -	**$** -	N/A	N/A
General & administrative	**323,026**	353,640	328,434	-9%	-2%
Research & development	**149,161**	212,796	98,619	-30%	51%
	$ 472,187	**$** 566,436	**$** 427,053	-17%	11%

RF Heating expenses declined 17% in Q3 2020 compared to Q3 2019 and increased 11% over the previous quarter. RF Heating G&A expenses in Q3 2020 declined 9% and 2% over Q3 2019 and Q2 2020, respectively, due to lower payroll and payroll related costs. RF Heating R&D expenses were 30% lower in Q3 2020 than in Q3 2019 due to higher government assistance recognized in Q3 2020 related to the RF XL commercial-scale test and R&D expenses were 51% higher than the previous quarter due to higher payroll and contractor costs for planning activities related to the execution phase of the commercial-scale pilot test of RF XL.

HPC expenses	Three months ended September 30, 2020	Three months ended September 30, 2019	Three months ended June 30, 2020	% change Q3 2020 over Q3 2019	% change Q3 2020 over Q2 2020
Cost of revenue	**$ -**	$ -	$ -	N/A	N/A
General & administrative	**116,063**	209,236	125,329	-45%	-7%
Research & development	**34,247**	24,429	28,986	40%	18%
	$ 150,310	$ 233,665	$ 154,315	-36%	-3%

HPC expenses of $150,310 in Q3 2020 decreased 36% and 3% compared to $233,665 in Q3 2019 and $154,315 in Q2 2020, respectively, due to lower payroll and payroll related costs in G&A expenses, partially offset by an increase in R&D expenses in Q3 2020 related to timing of receipt of the Canada Emergency Wage Subsidy COVID-19 relief program.

RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2020

Revenue	Nine months ended September 30, 2020	Nine months ended September 30, 2019	% change 2020 over 2019
Software	**$ 611,472**	$ 770,284	-21%
Maintenance	**213,463**	492,133	-57%
Services	**-**	36,792	-100%
	$ 824,935	$ 1,299,209	-37%

The Company recognized revenue of $824,935 in the nine months ended September 30, 2020 driven entirely by the HPC division, a 37% decrease over the nine months ended September 30, 2019. This was due to lower HPC maintenance revenue for contracts that ended in 2019, lower demand for seismic imaging software in a weak oil and gas sector and lower services revenue after discontinuing consulting services in 2019, all made worse by the global COVID-19 pandemic.

RF Heating Revenue	Nine months ended September 30, 2020	Nine months ended September 30, 2019	% change 2020 over 2019
Software	**$ -**	$ 14,350	-100%
Maintenance	**-**	6,050	-100%
Services	**-**	-	N/A
	$ -	$ 20,400	-100%

RF Heating revenue was $nil in the nine months ended September 30, 2020 compared to $20,400 in the nine months ended September 30, 2019, as a result of the Company re-focusing its efforts entirely on the commercial-scale test of RF XL and away from efforts to generate revenues from the Company's AxHEAT RF heating simulation software.

HPC Revenue	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019	% change 2020 over 2019
Software	**$ 611,472**	$ 755,934	-19%
Maintenance	**213,463**	486,083	-56%
Services	**-**	36,792	-100%
	$ 824,935	$ 1,278,809	-35%

HPC revenue was $824,935 in the nine months ended September 30, 2020, a decrease of 35% compared to $1,278,809 in the nine months ended September 30, 2019 due to the above-mentioned factors for total revenue.

Expenses	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019	% change 2020 over 2019
Cost of revenue	**$ -**	$ 2,853	-100%
General & administrative	**1,356,074**	1,732,081	-22%
Research & development	**640,630**	485,712	32%
	$ 1,996,704	$ 2,220,646	-10%

Expenses decreased 10% in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 due to lower G&A expenses offset by higher R&D expenses. Higher R&D expenses in 2020 were a result of higher contractor and materials costs related to engineering, risk mitigation, and regulatory activities for the commercial-scale test of RF XL technology. G&A expenses have been lower in 2020 due to lower payroll and payroll related costs which are a result of cost management activities and the Canada Emergency Wage Subsidy COVID-19 relief program.

RF Heating Expenses	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019	% change 2020 over 2019
Cost of revenue	**$ -**	$ -	N/A
General & administrative	**948,138**	1,222,281	-22%
Research & development	**529,756**	397,171	33%
	$ 1,477,894	$ 1,619,452	-9%

RF Heating expenses declined 9% in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 because of a 22% decline in G&A expenses due to lower salary and employee-related expenses. RF Heating R&D expenses, meanwhile, were 33% higher than in 2019 due to higher contractor and materials costs associated with the engineering, risk mitigation, and regulatory activities for the RF XL commercial-scale test.

HPC Expenses	Nine months ended September 30, 2020	Nine months ended September 30, 2019	% change 2020 over 2019
Cost of revenue	**$ -**	$ 2,853	-100%
General & administrative	**407,936**	509,800	-20%
Research & development	**110,874**	88,541	25%
	$ 518,810	$ 601,194	-14%

HPC expenses of $518,810 in the nine months ended September 30, 2020 were 14% lower compared to $601,194 in the nine months ended September 30, 2019 as higher contractor costs in R&D were more than offset by lower G&A payroll costs.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2020, Acceleware had working capital of $299,043 (December 31, 2019 – $1,022,395), $2,932,262 in cash and cash equivalents (December 31, 2019 - $4,381,194), and $52,681 in combined short-term and long-term debt in the form of leases (December 31, 2019 - $155,335). The decrease in cash is attributable to spending for the RF XL field test and lower revenue.

In the interests of matching cash requirements with a combination of cash generated from operations, external funding, and capital raising activities, the Company actively manages its cash flow and investments in new products. Acceleware intends to maximize cash generated from operations through several initiatives which include continuing to focus on higher gross margin software products that are marketed through a combination of direct and reseller models; minimizing operating expenses where possible; and limiting capital expenditures. As the Company continues to develop its RF Heating technology, new R&D investments will be financed through a combination of internal cash flow from the HPC business, project funding agreements, government assistance and external financing, when available. 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 G&A expenses; and seeking outside financing. The failure of the Company to achieve one or all the above items may have a material adverse impact on the Company's financial position, results of financial performance and cash flows.*

Cash flow used in operations totaled $544,129 for the three months ended September 30, 2020 compared to cash used in operations of $478,372 for the three months ended September 30, 2019. Cash used in operations before changes in non-cash working capital was $441,786 for the three months ended September 30, 2020 compared to cash used in operations before changes in non-cash working capital of $390,523 in Q3 2019, due to higher R&D spending noted above and lower stock based compensation costs in Q3 2020.

Trade and Other Receivables

Trade and other receivables as at September 30, 2020 decreased to $1,160,037, compared to $1,612,892 as at December 31, 2019. The Company maintains close contact with its customers to mitigate risk in the collection of

* 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

receivables and a large portion of the receivables is due from provincial and federal government bodies related to a contract for government assistance, and therefore is deemed lower-risk.

Alberta SR&ED Tax Credits

The Company has recorded $177,855 as at September 30, 2020 (December 31, 2019 - $173,097) in SR&ED tax credit receivables. As of December 5, 2019, Bill 20 of the Fiscal Measures and Taxation Act, 2019 eliminated the Alberta SR&ED tax credit effective January 1, 2020 therefore, no additional receivables were recorded subsequent to December 31, 2019.

Current Liabilities

As at September 30, 2020, the Company had current liabilities of $4,213,004 compared to current liabilities of $5,328,404 as at December 31, 2019. The change in current liabilities is due to recognition of deferred government assistance for R&D offset by an increase in customer deposits recorded in contract liabilities.

Investing Activities

For the three months ended September 30, 2020 and 2019, $nil was invested in property and equipment.

Financing Activities

During the nine months ended September 30, 2020, 932,500 stock options (nine months ended September 30, 2019 – 1,484,000 stock options) were exercised for cash proceeds of $49,625 (nine months ended September 30, 2019 - $74,200).

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.

Except for the refundable Alberta SR&ED tax credits, as at September 30, 2020, 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

Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Company. Except as noted, there have been no material changes in any risks or uncertainties facing the Company since December 31, 2019. 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, 2019.

Recent Economic Developments

In December 2019, a novel strain of coronavirus surfaced in China. By March 11, 2020, the Coronavirus disease (COVID-19) had spread to over 100 countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern and, on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These measures

have caused and will continue to cause significant disruption to business operations and a significant increase in economic uncertainty, with reduced demand for commodities leading to volatile prices and currency exchange rates, and a decline in long-term interest rates. The speed and extent of the spread of COVID-19, the duration and intensity of the resulting business disruption, and the magnitude of the financial and social impacts are uncertain and difficult to predict. Further, in April 2020, an agreement was made between OPEC, Russia and other oil-producing countries around the world that would see global crude oil production curbed and oversupply brought closer into balance. However, without significant production shut-ins to offset the sharp decrease in demand, there continues to be concern over physical storage capacity globally and the price of crude oil has remained depressed, even trading below zero at times. The resulting oversupply, in combination with reduced demand from the effects of the COVID-19 pandemic, have caused a precipitous decline in oil and natural gas prices.

Low oil and natural gas prices combined with COVID-19 and the measures taken by governments and companies to reduce its spread may have an adverse impact on many aspects of the Company's business. Increased capital market and interest rate volatility may negatively affect the Company's ability to access external financing. The overall market for the Company's products and services may undergo stagnant or negative growth due to reduced capital expenditures by the Company's current and potential customers. Supply-chain shortages or disruptions, the full or partial closure of transportation infrastructure, temporary suspension of some or all business operations, and labour disruptions (including those affecting key employees and directors of the Company) arising from illness, reductions in working hours, layoffs or restrictions on movement may also adversely affect the Company's growth and operating results. Whether and to what extent the recent market volatility and COVID-19 outbreak will impact the Company's business and operations will depend on future developments which, at this time, remain uncertain and difficult to predict.

TRANSACTIONS WITH RELATED PARTIES

For the three months ended September 30, 2020, the Company incurred expenses in the amount of $43,750 (three months ended September 30, 2019 - $43,750) and $131,250 for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - $130,667) 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, 2020, $50,313 was included in accounts payable and accrued liabilities (December 31, 2019 - $50,082). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended September 30, 2020, the Company incurred expenses in the amount of $17,932 (three months ended September 30, 2019 - $2,253) and $ 66,350 for the nine months ended September 30, 2020 (nine months ended September 30, 2019- $23,151) 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, 2020, $18,826 was included in accounts payable and accrued liabilities (December 31, 2019 - $158). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

For the three months ended September 30, 2020, the Company incurred expenses in the amount of $16,500 (three months ended September 30, 2019 - $23,750) and $49,300 for the nine months ended September 30, 2020 (nine months ended September 30, 2019 - $66,300) with a company controlled by the spouse of an officer of the Company for communications services, and this amount is included in general and administrative expense. As at September 30, 2020, $5,775 was included in accounts payable and accrued liabilities (December 31, 2019 - $5,880). These fees were incurred in the normal course of operations and in the opinion of Management represent fair value for services rendered.

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	**Nine months ended September 30, 2020**	Nine months ended September 30, 2019
Salaries and short-term employee benefits	**$ 225,395**	$ 208,275	**$ 659,554**	$ 840,819
Share-based payments	**43,955**	76,159	**130,683**	254,371
	$ 269,350	$ 284,434	**$ 790,237**	$ 1,095,190

CRITICAL ACCOUNTING ESTIMATES

General

The Management's Discussion and Analysis for the year ended December 31, 2019 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 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, 2019.

DISCLOSURE OF OUTSTANDING SHARE DATA

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

Common Shares	105,669,170
Stock Options	10,083,368

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, 2020 that are available on www.sedar.com and as noted below.

Research and Development	**Three Months Ended September 30, 2020**	Three Months Ended September 30, 2019
Salaries	**163,226**	151,950
Consulting	**185,745**	182,175
R&D lab supplies	**89,835**	64,474
Share-based payments	**15,338**	39,416
Rent and overhead allocations	**14,294**	10,470
Amortization	**19,975**	24,246
Government assistance	**(305,005)**	(202,847)
Alberta SR&ED Tax Credits	**-**	(32,659)
Total	**$ 183,408**	$ 237,226

Sales, General and Administration	**Three Months Ended September 30, 2020**	Three Months Ended September 30, 2019
Salaries	**170,440**	208,949
Marketing	**37,981**	58,322
Travel	**209**	466
Share-based payments	**43,762**	70,289
Rent, supplies and public company fees	**76,031**	73,770
Amortization	**19,975**	24,247
Professional fees	**90,691**	126,833
Bad debt expense	**-**	-
Total	**$ 439,089**	$ 562,876