

ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Acceleware Ltd.'s ("Acceleware" or the "Company") unaudited interim condensed financial statements and the accompanying notes for the three months ended March 31, 2014, 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, 2013, which have been prepared in accordance with IFRS. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Acceleware Ltd.

This MD&A is presented as of May 28, 2014. All financial information contained herein is expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

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

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

- the expectation of Acceleware's ability to continue operating as a going concern, fund its operations through the sale of its products and services, and access external financing if required;
- projections of sales increases through focus on the oil and gas exploration and development market, increasing the number of independent software vendor ("ISV") partners, and continuous performance improvements;
- potential benefits to Acceleware's customers, including cost savings and increases to cash flow and productivity;
- 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") 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 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.

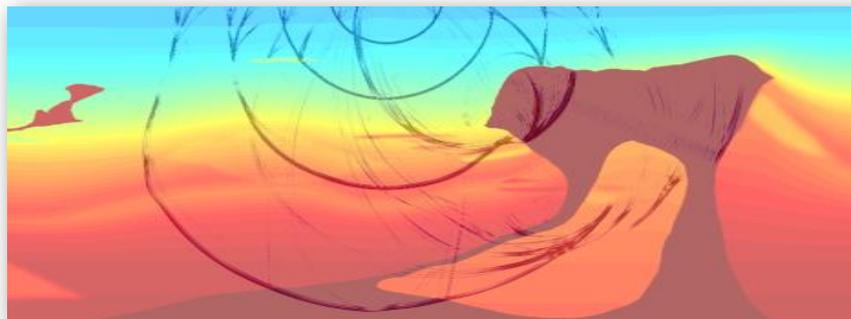
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company’s ability 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 a High Performance Computing (“HPC”) company focused on the development of software and solutions for the oil and gas industry. Acceleware provides seismic imaging software that enables oil and gas companies to find hydrocarbons in the most complex geological formations. In addition to software, Acceleware offers HPC software development and electromagnetic simulation consulting services for oil and gas customers. A significant component of Acceleware’s consulting practice is made up of HPC and simulation training services.

Acceleware was founded in 2004 to build software solutions that targeted the graphics processing unit (“GPU”) as a compute platform. The first product was an accelerated finite difference time domain (“FDTD”) solution for the electromagnetic (“EM”) simulation industry. AxFDTD™ continues to be sold to many Fortune 500 companies such as Blackberry, Samsung, LG, 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 reverse time migration which allows customers to accurately model seismic acquisition and data characterization. Acceleware accesses the oil and gas exploration and development market through a combination of channel and direct sales. The Company provides channel partners with software solutions as an add-on or replacement to an existing seismic data processing platform to increase the functionality of and/or the speed of partners’ software. Some of the Company’s current seismic ISV partners include Tsunami Development, Paradigm Geophysical and Open Geophysical, Ltd.

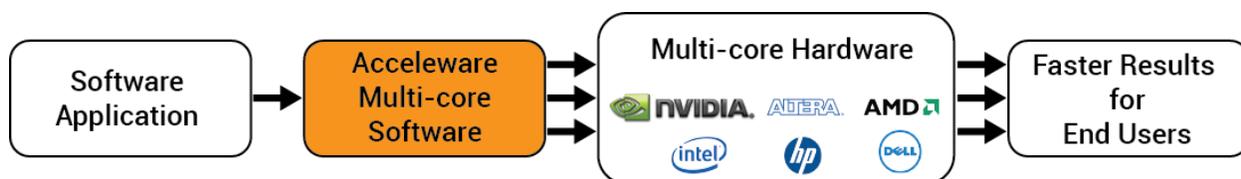


Acceleware provides HPC consulting services and HPC training to oil and gas companies such as ExxonMobil, Geotomo, Saudi Aramco, Rock Solid Imaging, EMGS, Repsol, and Chevron. These companies utilize Acceleware’s expertise to improve the performance of their scientific computing software, and increase their in-house development capability. Acceleware’s HPC training business has objectives beyond revenue and income growth. The Company uses HPC training services as a marketing tool to promote its software and HPC development services. In 2012, Acceleware began providing simulation and design services to oil and gas companies investigating the technology to use radio frequency (“RF”) energy for in-situ heating of heavy oil and bitumen. Acceleware’s unique expertise with RF Heating technology has resulted in service revenue both locally and abroad. The Company has developed software tools based on AxFDTD coupled to third party reservoir simulation software that are used internally by the Company to assist in the RF Heating equipment design and simulation services business. In late 2013, Acceleware commercialized and introduced these simulation tools as AxHEAT™ a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production.*

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

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



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

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

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

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary’s Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. As at March 31, 2014, Acceleware had 19 employees including: 2 in administration; 4 in sales, marketing, and product management; and 13 in research and development.

Overall Performance

During the three months ended March 31, 2014 (“Q1 2014”), Acceleware achieved a 9% increase in revenue compared to the most recent quarter ended December 31, 2013 (“Q4 2013”). The increase was due to a significant increase in software products sales, particularly the Company’s AxRTM seismic imaging software. Revenue decreased 29% in Q1 2014 compared to Q1 2013 due to lower consulting revenue. Q1 2014 revenue was \$672,984 compared to \$953,027 for Q1 2013 and compared to \$616,329 for Q4 2013.

During the three months ended March 31, 2014, Acceleware significantly reduced total comprehensive loss to \$34,893 compared to \$221,053 for the most recently completed quarter, Q4 2013, a decrease of 84%. The decrease is due to the increase in revenue, as well as the decrease in all expense categories, particularly cost of revenue, and general and administrative expenses. Total comprehensive income for Q1 2013 was \$71,492. The decrease in total comprehensive income in Q1 2014 compared to Q1 2013 is due to decreased revenue and other income, offset by decreased expenses in all categories.

At March 31, 2014, Acceleware had \$230,034 in working capital compared to December 31, 2013 when it was \$212,724. Cash and cash equivalents have decreased since December 31, 2013 from \$400,810 to \$248,960 as at March 31, 2014. At March 31, 2014 the Company had \$40,004 (December 31, 2013 - \$46,411) in combined short-term and long-term debt in the form of finance leases. The increase in working capital is related to an increase in

trade and other receivables and an increase in SR&ED tax credits offset by higher deferred revenue and lower cash. 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 those from software products, consulting services and training; focus on selected core vertical markets; minimize operating expenses where possible; and limit capital expenditure.

The Company's management ("Management") believes that successful execution of its business plan will result in sufficient cash flow 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, and further 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.*

First Quarter Highlights and Events

February 12, 2014 – Acceleware announced that Open Geophysical, Inc., a Houston based seismic processing software company, and Acceleware signed a reseller agreement (the "Agreement") which allows Open Geophysical to integrate AxRTM, Acceleware's reverse time migration library, into its OpenCPS land and marine seismic processing software. Acceleware and Open Geophysical also announced that Open Geophysical's parent company, Dolphin Geophysical ASA, will be the initial customer under the Agreement.

January 16, 2014 - Acceleware announced a significant sale of reverse time migration (RTM) software to Colombia's Ecopetrol S. A., Columbia's largest integrated oil and gas company. Ecopetrol has selected Tsunami Development's seismic imaging suite for the exploration of hydrocarbon reserves. The suite features AxRTM, Acceleware's high performance reverse time migration library

Strategic Update

Oil and Gas Focus

In 2014, the Company is focused on actively selling products and consulting services to the oil and gas exploration market. 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. In 2013, the Company released AxWave, a finite-difference forward modelling package. These and other accelerated 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. In 2014, the Company is continuing the development of follow-on seismic products to AxRTM, such as elastic modelling and full waveform inversion. In addition to these new products, Acceleware is continuously upgrading the performance of AxRTM and adding new customer-driven features.

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 throughout 2014. The Company currently sells its seismic imaging solutions through three resellers, and is actively pursuing other resellers. The Company's key Seismic ISVs are Paradigm Geophysical, Tsunami Development and

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Open Geophysical, Ltd. As with the AxWave sale to Woodside noted above, Acceleware has also seen significant opportunities for sales directly to end-users in this market, and expects to continue to see significant direct sales going forward.*

Management believes that adding new partners and increasing the proportion of the partners' 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. Growth in revenue from the oil and gas market will be funded by operations, existing cash resources and investments in the Company and further financing as required from time to time. The Company will continue to finance operations and its growth strategy primarily through the sale of the Company's products and services.*

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. In 2014, Acceleware's CAE ISV partners include SPEAG, Agilent Technologies, Synopsis, Inc., and Crosslight Software Inc.

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

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

Consulting services business

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

In 2011, Acceleware began providing simulation and equipment design services to oil and gas companies investigating the technology to use radio frequency energy for in-situ heating of heavy oil and bitumen. Acceleware's unique expertise with this RF Heating technology has resulted in services revenue both locally and abroad. The Company has developed software tools based on FDTD that are used internally in the Company to assist in the RF Heating simulation and equipment design services business. 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.

Consulting services relate to GPU and CPU HPC projects, and electro-magnetic simulation. In some cases, services align well with the Company's core products. In several cases, the Company is developing long-term recurring business from key customers.

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In 2014, Acceleware will host several HPC training classes in both open enrolment format and custom-designed formats for individual organizations.

Going forward into 2014, Acceleware will continue to focus on oil & gas, with AxRTM, AxWave, 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 and (loss) earnings per share for the eight most recently completed quarters ended March 31, 2014.

	2014		2013		2012			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$672,984	\$616,329	\$672,035	\$824,783	\$953,027	\$1,010,814	\$743,161	\$732,068
Cash (used) generated in operating activities	(145,443)	58,215	(165,976)	198,314	31,782	(52,718)	96,941	(162,723)
Total comprehensive (loss) income for the period	(34,893)	(221,053)	(194,143)	(87,290)	71,492	107,096	(145,194)	(56,253)
Earnings (loss) per share basic and diluted	(\$0.001)	(\$0.004)	(\$0.003)	(\$0.002)	\$0.001	\$0.002	(\$0.003)	(\$0.001)

During Q1 2014 the Company achieved its highest quarterly revenue since Q2 2013 on higher software product sales. Total comprehensive loss was the lowest since Q1 2013 when total comprehensive income was last positive. Compared to the same quarter a year earlier, Acceleware showed a decrease in consulting services revenue, resulting in lower reported revenue. Cash used in operating activities increased significantly in Q1 2014 compared to Q1 2013 due to investment in working capital, and reduced comprehensive income. The Company reported a total comprehensive loss in Q1 2014 as compared to positive total comprehensive income in Q1 2013 as revenue decreased, and stock based compensation expense increased.

Results of Operations

Revenue

During the three months ended March 31, 2014, the Company reported total revenue of \$672,984, a 29% decrease compared to \$953,027 for the three months ended March 31, 2013. The decrease in recognized revenue over the same period in the prior year was due to a decrease in consulting revenue. Recognized revenue increased 9% in Q1 2014 compared to \$616,329 in Q4 2013 due largely to higher software product revenue.

Revenue	Three months ended 03/31/2014	Three months ended 03/31/2013	Three months ended 12/31/2013	% change Q1 2014 over Q1 2013	% change Q1 2014 over Q4 2013
Product sales	\$ 165,806	\$ 166,855	\$ 56,553	-1%	193%
Maintenance	108,553	73,368	107,650	48%	1%
Consulting	398,625	712,804	452,126	-44%	-12%
	\$ 672,984	\$ 953,027	\$ 616,329	-29%	9%

Product sales decreased slightly from \$166,855 in Q1 2013 to \$165,806 in Q1 2014. The fact that product sales were comparable year over year is notable, since Q1 2013 benefited from a one-time AxRecon license sale. With the AxRecon sale, the Company exited the medical imaging market, and therefore there was no AxRecon revenue in Q1 2014. Sales of the Company's continuing products, AxRTM and AxFDTD both showed significant increase year over year. Product revenue increased 193% from \$56,663 in the prior quarter. The increase in product revenue in Q1 2014 from Q4 2013 is due to increased AxRTM sales, particularly the Ecopetrol sale noted above. Maintenance revenue increased 48% from \$73,368 in Q1 2013 to \$108,553 in Q1 2014 reflective of the overall increase in maintenance contracts renewed for AxFDTD and in seismic software leases. Maintenance revenue increased 1% in Q1 2014 compared to the \$107,650 recorded in Q4 2013. Consulting services decreased 44% to \$398,625 in Q1 2014 from \$712,804 recorded in Q1 2013 due to a decrease in oil and gas consulting services for both RF heating and HPC. The Company's RF heating customers are moving into a prototype testing phase for the RF heating technology resulting in fewer requirements for simulation services. Simulation services are expected to resume later in 2014. Consulting revenue decreased 12% from the \$452,126 recorded in Q4 2013.

Expenses

Expenses	Three months ended 03/31/2014	Three months ended 03/31/2013	Three months ended 12/31/2013	% change Q1 2014 over Q1 2013	% change Q1 2014 over Q4 2013
Cost of revenue	\$ 84,401	\$ 228,889	\$ 131,326	-63%	-36%
General & administrative	318,726	376,156	393,808	-15%	-19%
Research & development	305,230	331,473	312,585	-8%	-2%
	\$ 708,357	\$ 936,518	\$ 837,719	-24%	-15%

Expenses decreased 24% during the three months ended March 31, 2014 to \$708,357 from \$936,518 for the three months ended March 31, 2013. The decrease is a result of lower expenses in all categories, but in particular cost of revenue and general and administrative expense. Expenses decreased 15% from the \$837,719 recorded in Q4 2013, due to decreased general and administrative expense as well as cost of revenue expense.

Cost of revenue for Q1 2014 decreased 63% to \$84,401 from \$228,889 in Q1 2013. The decrease is a result of decreased time and expenses related to the lower consulting services revenue. Cost of revenue decreased 36% from \$131,326 expensed in Q4 2013, which is consistent with the decrease in consulting revenue.

General and administrative expenses ("G&A") include all salaries (excluding research and development personnel) and related expenses (including benefits and payroll taxes); sales and marketing activities; facility costs; stock-based compensation; a proportion of amortization of assets; and professional fees. For the three months ended March 31, 2014, G&A expenses decreased 15% to \$318,726 from \$376,156 recorded in Q1 2013. The decrease is a result of decreased salaries and other expenses. G&A expense decreased 19% in Q1 2014 compared to the \$393,808 recorded in Q4 2013. The decrease results from the absence of severance costs in Q1 2014 relative to those recorded in Q4 2013, which was partially offset by increased stock based compensation expense in Q1 2014.

For the three months ended March 31, 2014, research and development ("R&D") expenditures decreased 8% to \$305,230 from \$331,473 for the three months ended March 31, 2013. The decrease is a result of fewer staff and

consultants in Q1 2014 and increased government funding from the Alberta Innovates – Technology Futures program. R&D expense decreased 2% in Q1 2014 compared to the \$312,585 recorded in Q4 2013.

Other income

During the three months ended March 31, 2013, the Company recorded other income of \$54,480 relating to third-party Asset-Backed Commercial Paper (“ABCP”) settlement funds, with no similar amount in the quarter ended March 31, 2014. This payment was pursuant to the ABCP settlement distribution plan announced by the Ontario Securities Commission and Investment Industry Regulatory Organization of Canada in 2013.

The balance of other income is interest income on cash deposits.

Total comprehensive income (loss)

The Company had a total comprehensive loss for the three months ended March 31, 2014 of (\$34,893), a significant decrease from the income of \$71,492 recorded in Q1 2013 due to decreased revenue and other income. Total comprehensive loss improved 84% from the (\$221,053) recorded in Q4 2013, due to increased revenue and reduced expenses.

Liquidity and Capital Resources

At March 31, 2014, Acceleware had \$230,034 in working capital compared to December 31, 2013 when it was \$212,724. Cash and cash equivalents have decreased since December 31, 2013 from \$400,810 to \$248,960 as at March 31, 2014. At March 31, 2014 the Company had \$40,004 (December 31, 2013 - \$46,411) in combined short-term and long-term debt in the form of finance leases. The increase in working capital is related to an increase in trade and other receivables and an increase in SR&ED tax credits offset by higher deferred revenue. Deferred revenue has increased as customers have renewed maintenance and entered into software lease arrangements. 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 those from software products, consulting services and training; focus on selected core vertical markets; minimize operating expenses where possible; and limit capital expenditure.

Management believes that successful execution of its business plan will result in sufficient cash flow 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, and further 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 flows used in operations totaled \$145,443 for the three months ended March 31, 2014, compared to cash generated in operations of \$31,782 for the three months ended March 31, 2013. The decrease is a result of increased investment in working capital, particularly trade and other receivables.

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Trade and Other Receivables

Accounts receivable as at March 31, 2014 increased to \$517,245, compared to \$312,357 as at December 31, 2013. The increase is a result of increased revenue and invoicing toward the end of Q1 2014. The Company maintains close contact with its customers to mitigate risk in the collection of accounts receivable.

Alberta SR&ED Tax Credits

For the three months ended March 31, 2014, the Company has recorded \$32,554 in additional Alberta SR&ED tax credit receivables compared to \$30,729 for the three months ended March 31, 2013. The total tax credit receivable was \$198,972 at March 31, 2014 (December 31, 2013 - \$166,418).

Current Liabilities

As at March 31, 2014, the Company had current liabilities of \$803,241 compared to current liabilities of \$721,285 as at December 31, 2013. The increase in current liabilities is due to increased deferred revenue as customers renewed maintenance agreements and entered software lease arrangements.

Investing Activities

For the three months ended March 31, 2014, \$nil was invested in property and equipment.

Financing Activities

During the three months ended March 31, 2014, \$nil (three months ended March 31, 2013 - \$12,614) was received in the form of computer equipment finance leases. During Q1 2014, \$6,350 was repaid on finance leases compared to \$3,477 in Q1 2013.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2013. 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, 2013.

Transactions with Related Parties

For the three months ended March 31, 2014, the Company incurred expenses in the amount of \$39,000 (March 31, 2013 - \$39,000) with a company controlled by an officer of the Company as fees for duties performed in managing operations, and this amount is included in research and development. \$12,559 was included in accounts payable and accrued liabilities as at March 31, 2014 (December 31, 2013 \$8,219). These fees were charged to the Company in the normal course of operations and in the opinion of Management approximate fair value for services rendered.

For the three months ended March 31, 2014, the Company incurred expenses in the amount of \$139 (three months ended March 31, 2013 - \$nil) with a company controlled by a director of the Company for legal fees, and this amount is included in general and administrative. \$4,694 was included in accounts payable and accrued liabilities as at March 31, 2014 (December 31, 2013 - \$4,555). These fees were charged to the Company in the normal course of operations and in the opinion of Management approximate fair value for services rendered.

Four officers of the Company have advanced \$255,808 (December 31, 2013 - \$221,280) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2014. These amounts are recorded in accounts payable.

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Salaries and short-term employee benefits	\$ 170,897	\$ 197,480
Share-based payments	20,779	7,365
	\$ 191,676	\$ 204,845

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2013 outlined critical accounting policies including key estimates and assumptions that Management has made under these policies and how they affect the amounts reported in the financial statements. During the quarter, there have been no material changes in Management's key estimates and assumptions and the unaudited interim condensed financial statements follow the same accounting policies and methods of application as the most recent audited annual financial statements.

Recent Accounting Pronouncements Issued and not yet Effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2015 or later periods. The standards affected are as follows:

IFRS 2 Share-based payment

The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 8 Operating segments

The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" are now recognized in other comprehensive income instead of in profit or loss. This new standard will also affect disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

IFRS 13 Fair value measurement

The Company applies the “portfolio exception”. Accordingly, it measures the fair value of financial assets and liabilities, with offsetting positions in market or counterparty credit risk, consistently with how market participants would price the net risk exposure. The amendments to IFRS 13, issued in December 2013, clarify that the portfolio exception applies to all contracts within the scope of IFRS 9 Financial instruments or IAS 39 Financial instruments: Recognition and measurement, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial instruments: Presentation. The amendments are effective for annual periods beginning on or after July 1, 2014.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets

The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

The Company is currently assessing the impact of these standards on its reporting and disclosures. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

Financial Instruments and Other Instruments

The Company’s only financial instruments are the monetary assets and liabilities appearing on its balance sheet.

Disclosure of Outstanding Share Data

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

Common Shares	55,950,266
Stock Options	5,358,448

Additional Disclosure for Venture Issuers Without Significant Revenue

Additional disclosure concerning the Company's research and development expenses and general and administrative expenses is provided in the audited annual financial statements for December 31, 2013 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended March 31, 2014	Three months ended March 31, 2013
Salaries	\$ 244,039	\$ 227,693
Consulting	42,470	81,895
R&D lab supplies	12,410	17,498
Stock-based compensation	20,599	6,813
Rent and overhead allocations	21,598	19,033
Amortization	10,419	9,270
Government assistance	(13,750)	--
Alberta SR&ED Tax Credits	(32,554)	(30,729)
Total	\$ 305,230	\$ 331,473

Sales, General and Administration	Three months ended March 31, 2014	Three months ended March 31, 2013
Salaries	\$ 187,235	\$ 244,588
Marketing	39,417	29,182
Travel	21,520	18,613
Share-based payments	17,410	5,454
Rent, supplies and public company fees	41,249	56,632
Amortization	10,419	9,270
Professional fees	11,130	12,417
Bad debt expense	(9,655)	--
Total	\$ 318,726	\$ 376,156