

ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

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 and nine months ended September 30, 2012, 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, 2011, 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 20, 2012. 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 those 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.

- 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 core markets, 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;
- 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 impacted 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 focussing 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.

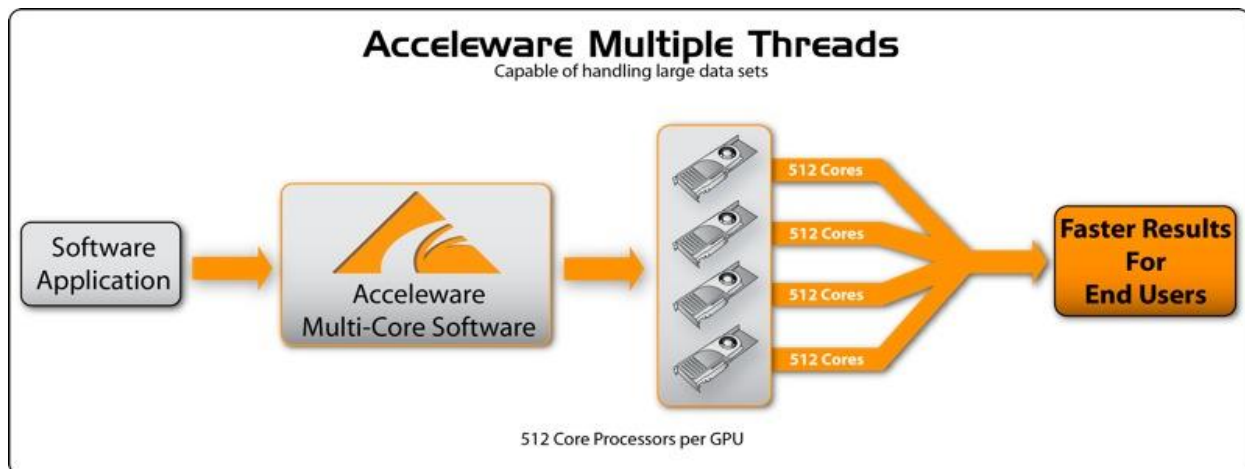
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability 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 that specializes in developing technologies that significantly reduce the computer processing time required for large scale mathematical calculations. Acceleware develops and sells specialized proprietary software; a combination of specialized proprietary software and third party hardware; and consulting services.

Acceleware solutions and services are deployed by major organizations worldwide to accelerate computer simulation and data processing applications in areas such as computer aided engineering (“CAE”), oil and gas exploration and development, medical imaging, industrial and consumer product design, and academic research. Acceleware’s core markets are CAE and oil and gas exploration and development applications. Computing tasks in these fields can take several days, weeks, months or a year to complete, and represent a major bottleneck that prevents progress and innovation. Acceleware’s solutions allow organizations to accomplish the same tasks many times faster (for example hours rather than days, or days rather than weeks), and also allow organizations to tackle larger, more complex problems. By enhancing a client’s ability to compute, Acceleware helps them to compete.

Acceleware’s proprietary software interface allows existing software programs to utilize the multi-core computing platforms that are available today. The Company’s proprietary software allows these existing third-party software applications to leverage a combination of Graphic Processing Units (“GPUs”), Central Processing Units (“CPUs”) and/or other many-core accelerator technologies as mathematical co-processors. Through this technology, Acceleware has brought supercomputing to the desktop.



In CAE, 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 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 the end user having to learn new skills or change their work processes.

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

Acceleware has developed seismic data processing applications for customers and partners in the oil and gas exploration and development market. Acceleware accesses the oil and gas exploration and development market through a combination of channel and direct sales. The Company provides 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 software partners include Tsunami Development and Paradigm Geophysical.

In a variety of markets, Acceleware provides HPC consulting services to developers and users, under fixed price or hourly contracts. In addition to these consulting services, Acceleware provides public and private training courses to developers of HPC solutions.

Acceleware was founded in February 2004 by a group of graduate students and professors from the University of Calgary's Electrical Engineering department and became a public company on the TSX Venture Exchange in January 2006 through a reverse takeover of a capital pool company, Poseidon Capital Corp. The Company is headquartered in Calgary, Alberta. As at September 30, 2012, Acceleware had 22 employees including: 2 in administration; 4 in sales, marketing, and product management; and 16 in research and development.

Overall Performance

Despite increased consulting revenue, overall revenue decreased 2% for the three months ended September 30, 2012 ("Q3, 2012"), compared to Q3, 2011 due to a decrease in product revenue. Revenue increased 2% from Q2, 2012 as a result of increased consulting revenue and increased maintenance revenue. During Q3, 2012 the Company recognized revenue of \$743,161 compared to the \$761,937 recognized during Q3, 2011, and compared to \$732,068 recognized in Q2, 2012. Revenue for the nine months ended September 30, 2012 decreased 6% to \$1,899,766 from \$2,015,195 during the nine months ended September 30, 2011 due to decreased software product revenue and decreased maintenance revenue.

During the three months ended September 30, 2012, Acceleware's total comprehensive loss was \$145,134 compared to total comprehensive income of \$32,801 for the three months ended September 30, 2011. The increase in comprehensive loss is due to lower revenue, increased cost of revenue and general and administrative expense. Comprehensive loss was \$56,253 for Q2, 2012. The increase in comprehensive loss in Q3, 2012 compared to Q2, 2012 was due to higher cost of revenue and research and development expense. Loss before income tax increased 77% to \$590,911 for the nine months ended September 30, 2012 compared to a loss before income tax of \$333,872 for the nine months ended September 30, 2011. The increase is a result of reduced revenue and increased general and administrative expense, partially offset by reduced research and development expense and a gain on sale of assets. Total comprehensive loss was \$590,911 for the nine months ended September 30, 2012, compared to total comprehensive income of \$583,324 for the nine months ended September 30, 2011. The decrease in comprehensive income is due to an income tax recovery recorded in the nine months ended September 30, 2011.

At September 30, 2012, Acceleware had \$444,956 in working capital compared to December 31, 2011 when it held \$1,082,363. Cash and cash equivalents have decreased since December 31, 2011 from \$876,386 to \$404,217 as at September 30, 2012. The decrease in working capital is related to negative cash flow from operating activities during the nine months ended September 30, 2012. The Company continues to have no debt. Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q3, 2012, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were \$919,744 compared to \$780,098 for Q2, 2012 due to higher cost of revenue associated with hardware purchases made for customers, higher R&D, and reduced gain on sale of assets. Due to the receipt of \$157,844 in Alberta SR&ED tax credits attributable to the 2011 tax year, cash generated in operating activities increased to \$96,941 in Q3, 2012 from negative \$162,723 in Q2, 2012.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, 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 research and development initiatives, 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 operations and cash flows.*

Highlights and Events

March 8, 2012 – the Company announced an expanded CUDA training schedule to meet the growing demand for expertise in GPU computing. The 2012 training schedule features a doubling of frequency and location over last year, plus several new industry focused courses. Acceleware's training classes, presented in association with Microsoft®; provide programmers with comprehensive instruction on advanced parallel architectures to maximize GPU performance using the NVIDIA® CUDA® parallel programming environment.

Students attending the Acceleware CUDA training benefit from a combination of classroom lectures and hands-on assignments to fully learn the unique intricacies of programming for the GPU. The classes are taught by Acceleware developers, who provide real world experience and examples. Small class sizes and an individual CUDA-enabled laptop for each student ensure a top quality training environment.

August 14, 2012 – the Company announced the release of AxRTM™ 5.6, providing improved imaging of the most complex geology and increased price/performance ratio through highly-optimized computing performance.

This new version of Acceleware's industry leading Reverse Time Migration (RTM) library incorporated an innovative noise reduction filter to remove imaging artifacts. Developed by Acceleware's geophysical research team, the new filter is a proprietary post-imaging technique for the removal of low frequency noise that is generated by the standard RTM imaging condition. Further optimization of the high quality imaging condition continues to enhance the value to geophysicists by producing images of exceptional clarity and accuracy.

August 28, 2012 – The Company announced it has partnered with Altera Corporation to deliver specialized OpenCL (Open Computing Language) training to Altera's customers who are adopting this open standard language to program its FPGAs (field-programmable gate arrays). Acceleware will leverage its expertise in high performance computing to design and deliver this unique training program that teaches developers how to fully utilize the parallel processing power of Altera FPGAs. The dedicated OpenCL training assists developers who want to design their FPGA applications in a high-level C-based framework, increasing productivity and offering a significant time-to-market advantage.

Strategic Update

Consulting services business

Acceleware continues to see an increased demand for its specialized expertise both within its core verticals and in new markets. The company provides proof of concept, contract development, software code porting, and training services to its consulting clients. Where possible, the Company uses services as leverage to increase adoption of its products with its core verticals.

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 Q3, 2012 Acceleware hosted several CUDA training classes in both open enrolment format and custom-designed formats for individual organizations.

Core verticals

In the CAE market, software is sold to end users primarily through channel partners or Independent Software Vendors (“ISV”) 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 2012, Acceleware’s CAE ISV partners include Schmid & Partner Engineering AG (“SPEAG”), Agilent Technologies, Synopsis, Inc., and Crosslight.

To drive future sales growth, Acceleware will work to add new ISV partnerships. In addition to 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 expanding 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.*

In Q3, 2012, the Company actively sold 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 data processing product. This and other seismic data acceleration 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 2012, the Company is developing follow-on seismic products to AxRTM.

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 2012. The Company currently sells its seismic processing solutions through two resellers, and is actively pursuing other resellers. Acceleware has also seen significant sales directly to end-users in this market, and expects to continue to see significant direct sales going forward.*

In 2012, the Company’s seismic products are being developed and marketed directly, and through ISVs. The Company’s key Seismic ISVs are Paradigm Geophysical and Tsunami Development.

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 market verticals where Acceleware operates, and help to establish market leadership. Management believes that market leadership in these verticals will result in higher sales penetration over the long-term, as well as improved profitability. Growth in the Company’s existing vertical markets 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 sales of the Company’s products and services.*

Acceleware’s intellectual property includes its proprietary algorithms, software algorithms and multi-core hardware interface that have been protected as trade secrets to date.

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Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, total comprehensive loss and loss per share for the eight most recently completed quarters ended September 30, 2012.

	2012			2011				2010
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$743,161	\$732,068	\$424,537	\$747,153	\$761,937	\$738,634	\$514,624	\$672,556
Cash generated (used) in operating activities	96,941	(162,723)	(310,588)	243,366	(153,812)	(342,206)	(90,929)	49,625
Income (loss) before income tax	(145,194)	(56,253)	(389,464)	(131,068)	32,801	(106,168)	(260,505)	(82,532)
Total comprehensive income (loss) for the period	(145,194)	(56,253)	(389,464)	(131,068)	32,801	811,028	(260,505)	(82,532)
Loss per share basic and diluted	(\$0.003)	(\$0.001)	(\$0.007)	(\$0.002)	\$0.001	\$0.015	(\$0.005)	(\$0.002)

Compared to the same quarter a year earlier, Acceleware showed a slight decrease in revenue and an increase in expenses with a higher loss before income tax during the three months ended September 30, 2012. Cash generated in operating activities increased in Q3, 2012 compared to Q3, 2011 due to the receipt on an Alberta SR&ED tax credit receivable during Q3, 2012. The Company has not recorded any additional allowance for bad debts as management believes all accounts receivable continue to be collectible.

Results of Operations

Revenue

During the three months ended September 30, 2012, the Company reported total revenues of \$743,161, a 2% decrease compared to \$761,937 for the three months ended September 30, 2011. The decrease in recognized revenue over the same period in the prior year was due to a decrease in software product revenue, offset by higher consulting and maintenance revenue. Recognized revenue increased 2% in Q3, 2012 compared to \$732,068 in Q2, 2012 due largely to increased consulting services revenue.

Revenue	Three months ended 09/30/2012	Three months ended 09/30/2011	Three months ended 06/30/2012	% change Q3 2012 over Q3 2011	% change Q3 2012 over Q2 2012
Product sales	\$ 23,905	\$ 236,111	\$ 185,551	-90%	-87%
Maintenance	102,423	85,109	59,357	20%	73%
Consulting	616,833	440,697	487,160	40%	27%
Interest	--	20	--	-100%	N/A
	\$ 743,161	\$ 761,937	\$ 732,068	-2%	2%

Product sales decreased 90% from \$236,111 in Q3, 2011 to \$23,905 in Q3, 2012 and decreased 87% from \$185,551 in Q2, 2012. The decrease is attributable to both EM simulation and oil and gas seismic imaging product lines. EM simulation product revenue decreased due in part to a partner decreasing sales efforts ahead of a major new release of software. EM sales are expected to return to historical levels once this software is released. Sales of AxRTM seismic imaging software declined due to customers deferring purchases. Acceleware's partners believe that these delays are temporary. The decrease in product revenue was offset by a significant increase in consulting revenue. Consulting revenue increased 40% to \$616,833 in Q3, 2012 compared to \$440,697 in Q3, 2011 and from \$487,160 in Q2, 2012 due to an increase in consulting services provided to oil and gas and other customers. Maintenance

revenue increased 20% from \$85,109 in Q3, 2011 to \$102,423 in Q3, 2012 reflective of customers renewing maintenance during the quarter.

During the nine months ended September 30, 2012, the Company reported total revenues of \$1,899,766, a 6% decrease compared to \$2,015,195 for the nine months ended September 30, 2011. The decrease in recognized revenue over the same period in the prior year was due a reduction in product and maintenance revenue.

Revenue	Nine months ended 09/30/2012	Nine months ended 09/30/2011	% change Nine months ended 09/30/2012 over Nine months ended 09/30/2011
Product sales	\$ 255,552	\$ 588,076	-57%
Maintenance	237,034	255,268	-7%
Consulting	1,407,180	1,171,791	20%
Interest	--	60	-100%
	\$ 1,899,766	\$ 2,015,195	-6%

Product sales decreased 57% to \$255,552 for the nine months ended September 30, 2012 from \$588,076 recorded in the nine months ended September 30, 2011, due in large part to a significant decrease in electromagnetic simulation products, as customers have delayed orders ahead of a major new release of software that utilizes Acceleware's libraries. In addition, sales of AxRTM have decreased relative to a year ago. As the Company continued to market its consulting services offerings, consulting revenue increased 20% to \$1,407,180 in the nine months ended September 30, 2012 from \$1,171,791 recognized in the nine months ended September 30, 2011. Maintenance revenue decreased 7% to \$237,034 for the nine months ended September 30, 2012 from \$255,268 in the nine months ended September 30, 2011. The decrease in maintenance revenue is a result of a reduced number of products sold generating maintenance revenue.

Expenses

Expenses	Three months ended 09/30/2012	Three months ended 09/30/2011	Three months ended 06/30/2012	% change Q3 2012 over Q3 2011	% change Q3 2012 over Q2 2012
Cost of revenue	\$ 212,689	\$ 126,931	\$ 146,111	68%	46%
General & administrative	372,767	283,582	439,220	31%	-15%
Research & development	302,899	318,623	244,957	-5%	24%
(Gain) loss on disposal of property	--	--	(41,967)	N/A	N/A
	\$ 888,355	\$ 729,136	\$ 788,321	22%	13%

Expenses increased 22% during the three months ended September 30, 2012 to \$888,355 from \$729,136 for the three months ended September 30, 2011. The increase is a result of increased cost of revenue and increased general and administrative expenses. Expenses increased 13% from the \$788,321 recorded in Q2, 2012, due to increased cost of revenue and increased research and development expense, and a gain on sale of assets attributable to the Company's office move in Q2, 2012.

Cost of revenue for Q3, 2012 increased 68% to \$212,689 from \$126,931 in Q3, 2011. The increase is a result of higher personnel costs associated with consulting projects and higher hardware cost of revenue attributable to sales of specialized hardware to certain customers. Cost of revenue increased 46% from \$146,111 expensed in Q2, 2012, which is consistent with the increase 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 September 30, 2012, G&A expenses increased 31% to \$372,767 from \$283,582 recorded in Q3, 2011. The increase is a result of increased marketing and sales expenses, salaries and increased administration expenses resulting from the hiring of additional sales and financial management resources. G&A expense decreased 15% in Q3, 2012 compared to the \$439,220 recorded in Q2, 2012. The decrease is a result of decreased salaries and rent, supplies and public company fees.

For the three months ended September 30, 2012, research and development (“R&D”) expenditures decreased 5% to \$302,899 from \$318,623 for the three months ended September 30, 2011. The decrease is a result of reduced salaries, amortization and supplies. R&D expense increased 24% in Q3, 2012 compared to the \$244,957 recorded in Q2, 2012. The increase is a result of increased R&D staff and salaries in Q3, 2012 compared to Q2, 2012.

Expenses increased 6% during the nine months ended September 30, 2012 to \$2,490,677 from \$2,349,067 for the nine months ended September 30, 2011. The increase is a result of the increased G&A expense associated with sales and marketing.

Expenses	Nine months ended 09/30/2012	Nine months ended 09/30/2011	% change Nine months ended 09/30/2012 over Nine months ended 09/30/2011
Cost of revenue	\$ 456,564	\$ 363,245	26%
General & administrative	1,269,918	904,362	40%
Research & development	806,162	1,076,051	-25%
Loss (gain) on disposal of property	(41,967)	5,409	N/A
	\$ 2,490,677	\$ 2,349,067	6%

Cost of revenue for the nine months ended September 30, 2012 increased 26% to \$456,564 from \$363,245 in the nine months ended September 30, 2011. The increase is a result of increased consulting revenue, and therefore increased salary cost allocated to cost of revenue.

For the nine months ended September 30, 2012 G&A expenses increased 40% to \$1,269,918 from \$904,362 recorded in the nine months ended September 30, 2011. The increase is a result of increased marketing and sales expenses, salaries and increased administration expenses resulting from the hiring of additional sales and financial management resources.

For the nine months ended September 30, 2012, research and development (“R&D”) expenditures decreased 25% to \$806,162 from \$1,076,051 for the nine months ended September 30, 2011. The decrease is a result of decreased salaries, amortization and supplies.

Total comprehensive income (loss)

Total comprehensive loss for Q3, 2012 was \$145,194 compared to comprehensive income of \$32,801 in Q3, 2011. Total comprehensive loss was \$590,911 for the nine months ended September 30, 2012, compared to total comprehensive income of \$583,324, due to an income tax recovery which was booked in the nine months ended September 30, 2011.

Liquidity and Capital Resources

At September 30, 2012, Acceleware had \$444,956 in working capital compared to December 31, 2011 when it held \$1,082,363. Cash and cash equivalents have decreased since December 31, 2011 from \$876,386 to \$404,217 as at September 30, 2012. The decrease in working capital is related to negative cash flow from operating activities during the nine months ended September 30, 2012. The Company continues to have no debt. Management's objective remains to manage cash flow and investment in new products to ensure that cash requirements do not exceed cash generated from operations. However, projected cash generated from operating activities remains highly dependent on uncertain revenue projections. During Q3, 2012, cash expenses (defined as expenses, less amortization, stock based compensation and Alberta SR&ED tax credits) were \$919,744 compared to \$780,098 for Q2, 2012 due to higher cost of revenue associated with hardware purchases made for customers, higher R&D, and reduced gain on sale of assets. Due to the receipt of \$157,844 in Alberta SR&ED tax credits attributable to the 2011 tax year, cash generated in operating activities increased to \$96,941 in Q3, 2012 from negative \$162,723 in Q2, 2012.

Management believes that successful execution of its business plan will result in sufficient cash flow to fund projected operational and investment requirements in future quarters. 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, if required, 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 research and development initiatives, 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 operations and cash flows.*

As at September 30, 2012, the Company had current liabilities of \$690,915 compared to current liabilities of \$485,207 as at December 31, 2011. The increase is due to an increase in accounts payable and accrued liabilities. Accounts payable and accrued liabilities increased due to increases in trade payables and deferred salaries payable to management and certain employees.

Trade and Other Receivables

As a result of increased revenue in the latter part of Q3, 2012 compared to Q4, 2011, trade and other receivables increased to \$560,166 as at September 30, 2012, compared to \$496,926 as at December 31, 2011. The Company maintains close contact with its channel partners to mitigate risk in the collection of accounts receivable.

Alberta SR&ED Tax Credits

Alberta SR&ED tax credits decreased to \$127,699 as at September 30, 2012 from \$160,465 as at December 31, 2011 as the Company received Alberta SR&ED tax credits attributable to the 2011 tax year.

Investing Activities

For the three months ended September 30, 2012, \$45,715 was invested in property and equipment compared to \$53,901 invested for the three months ended September 30, 2011. The investment related to purchases of high performance computing equipment for R&D purposes.

* 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

Financing Activities

For the three months ended September 30, 2012, no cash was received from financing activities. During the year ended December 31, 2011, the Company completed a reorganization transaction and as a result of the closing of the plan of arrangement, received cash of \$917,196.

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 income 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 income 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.

A deferred income tax recovery was recognized for the year ended December 31, 2011 for \$917,196 due to the closing of the plan of arrangement.

With the exception of the refundable Alberta SR&ED tax credits, as at September 30, 2012, the potential tax benefits of Acceleware's available tax pools have not been recognized in the Company's account due to uncertainty surrounding the realization of such benefits.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2011. A discussion of risks affecting the Company and its business is set forth under the Risk Factors and Uncertainties in Management's Discussion and Analysis for the period ended December 31, 2011.

Transactions with Related Parties

For the three months ended September 30, 2012, the Company incurred expenses in the amount of \$39,000 (three months ended September 30, 2011 - \$33,579) and \$115,114 for the nine months ended September 30, 2012 (nine months ended September 30, 2011 - \$100,239) to a company controlled by an officer of the Company as fees for duties performed in managing operations, and are included in research and development expense. Of the total, \$8,219 was included in accounts payable and accrued liabilities as at September 30, 2012 (December 31, 2011 - \$13,770). These fees were paid in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of Management approximates fair value for services rendered.

For the three months ended September 30, 2012, the Company incurred expenses in the amount of \$nil (three months ended September 30, 2011 - \$nil) and \$nil for the nine months ended September 30, 2012 (nine months ended September 30, 2011 - \$256,712) to a company controlled by a director of the Company for legal fees, and are included in general and administrative expense. Of the total, \$nil was included in accounts payable and accrued liabilities as at September 30, 2012 (December 31, 2011 - \$1,916). These fees were paid in the normal course of operations and have been recognized at the agreed to exchange amount which in the opinion of Management approximates fair value for services rendered.

As at September 30, 2012 four officers of the Company have advanced \$117,314 (December 31, 2011 - \$24,194) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2012. 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 September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Salaries and short-term employee benefits	\$ 163,772	\$ 169,953	\$ 451,558	\$ 480,004
Share-based payments	12,520	7,889	41,253	24,812
	\$ 176,292	\$ 177,842	\$ 492,811	\$ 504,816

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2011 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, 2011 or later periods. The standards impacted that are applicable to the Company are as follows:

The amendment to IFRS 7, 'Financial Instruments: Disclosures' was issued in October 2010 and provides greater transparency around risk exposures relating to transfers of financial assets that are not derecognized in their entirety, and derecognized in their entirety, but with which the entity continues to have some continuing involvement. The amendment will only affect disclosure and is effective for annual periods beginning on or after July 1, 2011.

IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting.

IFRS 10, 'Consolidated Financial Statements' was issued in May 2011 and will supersede the consolidation requirements in SIC-12 'Consolidation – Special Purpose Entities' and IAS 27 'Consolidated and Separate Financial Statements' effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where it is difficult to assess.

IFRS 11, 'Joint Arrangements' was issued in May 2011 and will supersede existing IAS 31, 'Joint Ventures' effective for annual period beginning on or after January 1, 2013, with early application permitted. IFRS 11 provides for the accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

IFRS 12, 'Disclosure of Interests in Other Entities' was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13, 'Fair Value Measurement' was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IAS 1, 'Presentation of Financial Statements' was amended by the IASB in June 2011 in order to align the presentation of items in order comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual period beginning on or after July 1, 2012.

IAS 12, 'Income Taxes' was amended in December 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset. The amendment to IAS 12 is effective for reporting periods beginning on or after January 1, 2012.

The amendment to IAS 19, 'Employee Benefits' was issued in June 2011 which revises the accounting for defined benefit plans to eliminate the option to defer recognition of actuarial gains and losses (the "corridor approach") by recognizing these in other comprehensive income as they occur; immediately recognize all past service costs; replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset); and revise the disclosure requirements. Accounting for termination benefits was also revised. The amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 27, 'Consolidated and Separate Financial Statements' contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

IAS 28 was amended in 2011 which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The Company is currently assessing the impact of these standards on its reporting and disclosures.

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	4,532,500

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, 2011 that are available on www.sedar.com and as noted below.

Research and Development	Three months ended September 30, 2012	Three months ended September 30, 2011
Salaries	\$ 224,786	\$ 227,271
Consulting	64,520	57,376
R&D lab supplies	10,149	26,372
Stock-based compensation	10,293	6,192
Rent and overhead allocations	17,272	16,463
Amortization	12,660	29,337
Alberta SR&ED Tax Credits	(36,781)	(44,391)
Total	\$ 302,899	\$ 318,623

Sales, General and Administration	Three months ended September 30, 2012	Three months ended September 30, 2011
Salaries	\$ 196,839	\$ 99,944
Marketing	28,284	14,956
Travel	10,708	9,888
Share-based payments	10,803	6,342
Rent, supplies and public company fees	92,590	106,096
Amortization	12,660	27,090
Professional fees	20,883	19,266
Total	\$ 372,767	\$ 283,582