ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

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 six months ended June 30, 2013, 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, 2012, 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 August 19, 2013. 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 the oil and gas vertical market, increasing the number of ISV partners, and continuously improving its products – which is subject to the risks that sales in the oil and gas vertical market 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 among others, 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.

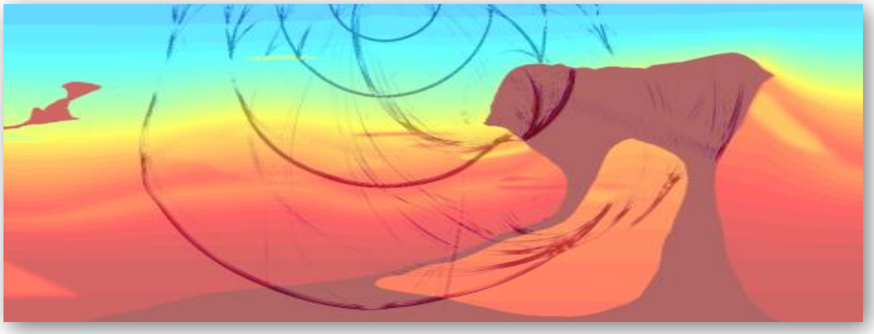
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability 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. 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 DownUnder GeoSolutions.

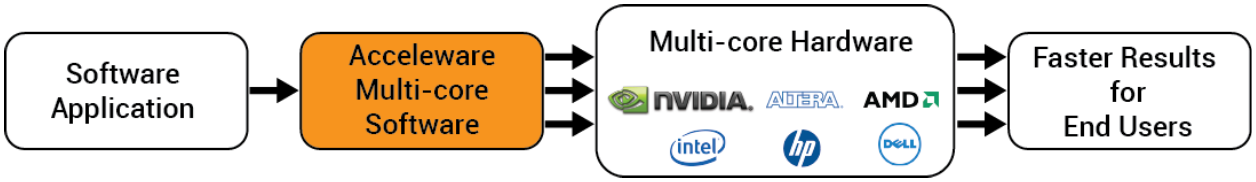


Acceleware provides HPC consulting services and HPC training to oil and gas companies such as Exxon Mobil, Saudi Aramco, Rock Solid Imaging, EMGS, and Chevron. These companies utilize Acceleware's expertise to improve the performance of their scientific computing software, and increase their in-house 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 2011, 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 in the Company to assist in the RF Heating equipment design and simulation services business. Acceleware could offer these tools as products should the technology prove successful in improving heavy oil production. [*]

The FDTD solution will continue for the traditional markets and be an enabling technology for RF Heating 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.

[*] 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

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

In the EM 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 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 June 30, 2013, Acceleware had 25 employees including: 2 in administration; 6 in sales, marketing, and product management; and 17 in research and development.

Overall Performance

Acceleware saw significant improvement in revenue and income for the six months ended June 30, 2013 compared to the same period a year ago. While on a quarterly basis the Company saw its third consecutive quarter of year-over-year increase in quarterly revenue, and its second consecutive quarter of positive cash flow from operating activities. During the six months ended June 30, 2013 revenue increased 54%, to $1,777,810 compared to $1,156,605 for the six months ended June 30, 2012. The increase is due to increased consulting and software maintenance revenue. Due to the increased revenue, total comprehensive loss decreased 96% from $445,717 for the six months ended June 30, 2012 to nearly break-even at a loss of $15,798 for the six months ended June 30, 2013. Revenue increased 13% for the three months ended June 30, 2013 ("Q2 2013"), compared to Q2 2012 due to an increase in both consulting and maintenance revenue. Revenue increased to $824,783 in Q2 2013 from $732,068 recorded in Q2 2012. Despite the increased revenue total comprehensive loss increased 55% to $87,290 in Q2 2013 from a loss of $56,253 in Q2 2012. The increase in total comprehensive loss was due to increased spending on research and development, and reduced gain on fixed asset sales. Revenue decreased 13% in Q2 2013 compared to the $953,027 recorded in Q1 2013 due to decreased product revenue. Although expenses decreased 3% to $912,102 in Q2 2013 compared to $936,518 in Q1 2013, total comprehensive loss of $87,290 was recorded in Q2 2013 compared to a total comprehensive income of $71,492 recorded in Q1 2013 due to higher revenue and other income in Q1 2013.

Cash flow generated in operations totaled positive $198,314 for the three months ended June 30, 2013 (six months ended June 30, 2013 – positive $230,096), compared to cash used in operations of negative $162,723 for the three months ended June 30, 2012 (six months ended June 30, 2012 – negative $473,311). The increase is a result of increased income, collections of receivables and receipt of SR&ED tax credits in 2013.

Acceleware's business was disrupted in Q2 2013 due to severe flooding in and around the Company's headquarters in Calgary, Canada. Due to a lack of electricity, Acceleware's offices were closed beginning on June 20, 2013, and were reopened on July 16, 2013. While the physical offices were closed most of Acceleware's staff were able to work remotely. Some of the Company's consulting services business was delayed in Q2 2013 as a result, and that delay continued into Q3 2013. However, most affected were the Company's seismic imaging research and development staff who did not have access to the Company's high performance computing infrastructure. As Acceleware's offices were not directly impacted by the flood, management does not estimate a material increase in expenses in Q2 2013 or future periods. However management estimates that up to $100,000 in consulting revenue may have been delayed due to the disruption, with the amount split roughly 1/3 in Q2 2013 and 2/3 in Q3 2013.

At June 30, 2013, Acceleware had $579,253 in working capital compared to December 31, 2012 when it was $604,727. Cash and cash equivalents have increased since December 31, 2012 from $341,897 to $520,552 as at June 30, 2013 due to receipt of SR&ED tax credits, and increased collection of receivables. At June 30, 2013 the Company had $59,055 (December 31, 2012 - $56,158) in combined short-term and long-term debt in the form of finance leases. The decrease in working capital is related to a decrease in trade and SR&ED tax credits receivables. 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 a software products, consulting services and training; focus on the oil and gas vertical market; 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.[*]

Highlights and Events

June 12, 2013 – Acceleware released AxRTM 6.0 at the 75th European Association of Geoscientists and Engineers (EAGE) conference. AxRTM is an accelerated Reverse Time Migration (RTM) library used for the accurate imaging of complex subsurface geologies. The new release includes optimized support for Intel Xeon Phi coprocessors, a MathWorks® Matlab® research interface and enhanced geophysical features for exceptional subsurface imaging.

March 30, 2013 – SCANCO Medical AG, Zürich, Switzerland agreed to acquire a perpetual, non-exclusive license for Acceleware's AxRecon source code. AxRecon is an advanced GPU solution for accelerated image reconstruction on Computed Tomography (CT) scanners. Under the license acquisition terms, SCANCO will become the exclusive provider of AxRecon to the medical imaging market. Acceleware will retain all intellectual property rights to AxRecon and will continue to use the technology in its high performance computing consulting business for customers outside of the Medical Imaging market area.

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March 27, 2013 – Acceleware received a disbursement of $54,480 from third-party Asset-Backed Commercial Paper ("ABCP") settlement funds (all figures are in Canadian dollars). This payment is pursuant to the ABCP settlement distribution plan announced by the Ontario Securities Commission and Investment Industry Regulatory Organization of Canada in 2012. The Company held an investment in third party ABCP with a face amount of approximately $1.4 million, which it acquired in 2007. The investment was made on a short term basis. However, due to the collapse of the Canadian ABCP market in 2007, the Company continued to hold the investment into 2009. Liquidity gradually returned to the ABCP market over the course of 2009, and the Company was able to liquidate the investment for gross proceeds of $752,466 on December 9, 2009. The ABCP settlement funds were collected in enforcement settlements agreed to by certain investment dealers who sold ABCP products prior to the collapse of the market in 2007.

March 18, 2013 – Acceleware announced the 100th course in its series of HPC classes tailored to professional developers requiring advanced training to write faster and more efficient code for intense compute applications. Houston was the venue for the milestone course, instructing programmers from the energy industry on leading-edge software design and optimization for the NVIDIA® CUDA® parallel computing platform and programming model.

Strategic Update

Oil and Gas Focus

In 2013, 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. This 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 2013, 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 2013. 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, DownUnder GeoSolutions and Tsunami Development. 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 the oil and gas revenue 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. [*]

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

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2013, 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 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. *

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. Acceleware could offer these tools as products should the technology prove successful in improving heavy oil 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.

In 2013 Acceleware will host several HPC training classes in both open enrolment format and custom-designed formats for individual organizations.

Going forward into 2013 Acceleware will continue to focus on Oil & Gas, with RTM and RF Heating as the two strategic revenue and investment technologies. Innovations and improvements to the FDTD solution will continue for the traditional markets and be an enabling technology for RF Heating 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.

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Summary of Quarterly Results

The following table highlights revenue, cash used in operating activities, total comprehensive income (loss) before tax and earnings (loss) per share for the eight most recently completed quarters ended June 30, 2013.

	2013		2012				2011	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	$824,783	$953,027	$1,010,814	$743,161	$732,068	$424,537	$747,153	$761,937
Cash generated (used) in operating activities	198,314	31,782	(52,718)	96,941	(162,723)	(310,588)	243,366	(153,812)
Total comprehensive (loss) income	(87,290)	71,492	107,096	(145,194)	(56,253)	(389,464)	(131,068)	32,801
(Loss) earnings per share basic and diluted	($0.002)	$0.001	$0.002	($0.003)	($0.001)	($0.007)	($0.003)	$0.001

During the three months ended June 30, 2013 the Company achieved its third consecutive quarter of year-over-year revenue growth, and its second consecutive quarter of positive cash generated in operating activities. Compared to the same quarter a year earlier, Acceleware showed a significant increase in revenue during Q2 2013. Cash generated in operating activities increased significantly in Q2 2013 compared to Q2 2012 due to increased revenue and increased collections of receivables. The Company reported increased total comprehensive loss in Q2 2013 as compared to the loss in Q2 2012 due to increased expenses, particularly research and development.

Results of Operations

Revenue

During the three months ended June 30, 2013, the Company reported total revenues of $824,783, a 13% increase compared to $732,068 for the three months ended June 30, 2012. The increase in recognized revenue over the same period in the prior year was due to an increase in consulting and maintenance revenue, offset by a decrease in product revenue. Recognized revenue decreased 13% in Q2 2013 compared to $953,027 in Q1 2013 due largely to decreased product sales revenues, particularly AxRecon.

Revenue	**Three months ended 06/30/2013**	Three months ended 06/30/2012	Three months ended 03/31/2013	% change Q2 2013 over Q2 2012	% change Q2 2013 over Q1 2013
Product sales	**$ 36,371**	$ 185,551	$ 166,855	-80%	-78%
Maintenance	**88,218**	59,357	73,368	49%	20%
Consulting	**700,194**	487,160	712,804	44%	-2%
	$ 824,783	$ 732,068	$ 953,027	13%	-13%

Product sales decreased 80% from $185,551 in Q2 2012 to $36,371 in Q2 2013 and decreased 78% from $166,855 in Q1 2013. The decrease relative to Q2 2012 is due to decreased EM simulation products as product sales prospects appear to be delayed at one reseller while a new version of the integration partner's software is being released later in 2013. The decrease in product revenue in Q2 2013 compared to Q1 2013 was due to the one-time sale of AxRecon during Q1 2013. Maintenance revenue increased 49% from $59,357 in Q2 2012 to $88,218 in Q2 2013 reflective of the overall increase in product sales, particularly AxRTM over the preceding 12 months. Maintenance revenue increased 20% in Q2 2013 compared to the $73,368 recorded in Q1 2013 for the same reason. Consulting services increased 44% to $700,194 in Q2 2013 from $487,160 recorded in Q2 2012 due to an increase in RF heating and HPC consulting services in the oil and gas market. Consulting revenue decreased 2% from the $712,804 in Q1 2013 due to project delays caused by flooding near the Company's Calgary offices.

During the six months ended June 30, 2013, the Company reported total revenues of $1,777,810, a 54% increase compared to $1,156,605 for the six months ended June 30, 2012. The increase in recognized revenue over the same period in the prior year was due to a significant increase in oil and gas consulting services for both RF heating and HPC solutions.

Revenue	**Six months ended 06/30/2013**	Six months ended 06/30/2012	% change Six months ended 06/30/2013 over Six months ended 06/30/2012
Product sales	**$ 203,226**	$ 231,647	-12%
Maintenance	**161,586**	134,611	20%
Consulting	**1,412,998**	790,347	79%
	$ 1,777,810	$ 1,156,605	54%

Product sales decreased 12% to $203,226 for the six months ended June 30, 2013 from $231,647 recorded in the six months ended June 30, 2012, due in large part to decreases in both electromagnetic simulation products and seismic imaging products, offset by higher AxRecon revenue. As the Company continued to market its RF heating and HPC consulting services offerings to oil and gas customers, consulting revenue increased 79% to $1,412,998 in the six months ended June 30, 2013 from $790,347 recognized in the six months ended June 30, 2012. Maintenance revenue increased 20% to $161,586 for the six months ended June 30, 2013 from $134,611 in the six months ended June 30, 2012. The increase in maintenance revenue is a result of a increased AxRTM seismic imaging maintenance customers.

Expenses

Expenses	**Three months ended 06/30/2013**	Three months ended 06/30/2012	Three months ended 03/31/2013	% change Q2 2013 over Q2 2012	% change Q2 2013 over Q1 2013
Cost of revenue	**$ 178,629**	$ 146,111	$ 228,889	22%	-22%
General & administrative	**371,336**	439,220	376,156	-15%	-1%
Research & development	**362,137**	244,957	331,473	48%	9%
(Gain) loss on disposal of property	**--**	(41,967)	--	-100%	N/A
	$ 912,102	$ 788,321	$ 936,518	16%	-3%

Expenses increased 16% during the three months ended June 30, 2013 to $912,102 from $788,321 for the three months ended June 30, 2012. The increase is a result of increased research and development expense in Q2 2013 and a gain on sale of assets related to the Company's office move in Q2 2012, offset by a decrease in general and administrative expense. Expenses decreased 3% from the $936,518 recorded in Q1 2012, due to decreased cost of revenue associated with time required to deliver consulting services.

Cost of revenue for Q2 2013 increased 22% to $178,629 from $146,111 in Q2 2012. The increase is a result of higher cost of personnel on consulting projects consistent with an increase in consulting revenue. Cost of revenue decreased 22% from $228,889 expensed in Q1 2013, which is a result of higher margin consulting services coupled 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 June 30, 2013, G&A expenses decreased 15% to $371,336 from $439,220 recorded in Q2 2012. The decrease is a result of decreased administration expenses resulting from the fewer sales, marketing and financial management resources. G&A expense decreased 1% in Q2 2013 compared to the $376,156 recorded in Q1 2013. The decrease is a result of decreased personnel costs.

For the three months ended June 30, 2013, research and development ("R&D") expenditures increased 48% to $362,137 from $244,957 for the three months ended June 30, 2012. The increase is a result of an increased number of personnel and consultants devoted to R&D as the company continues to develop its oil and gas software suite. R&D expense increased 9% in Q2 2013 compared to the $331,473 recorded in Q1 2013. The increase is a result of an increase in the R&D staff devoted to consulting services in Q2 2013 compared to Q1 2013.

During Q2 2012 the Company recorded a $41,957 gain on sale of fixed assets associated with an office move, with no equivalent gain in Q2 2013. The gain reduced total expenses for the Q2 2012 period.

Expenses increased 15% during the six months ended June 30, 2013 to $1,848,620 from $1,602,322 for the six months ended June 30, 2012. The increase is a result of the increase in staff and contractors engaged in consulting, and research and development, and reduced gain on asset sales.

Expenses	**Six months ended 06/30/2013**	**Six months ended 06/30/2012**	% change Six months ended 06/30/2013 over Six months ended 06/30/2012
Cost of revenue	**$ 407,518**	**$ 243,875**	67%
General & administrative	**747,492**	**897,151**	-17%
Research & development	**693,610**	**503,263**	38%
Loss (gain) on disposal of property	**--**	**(41,967)**	-100%
	$ 1,848,620	**$ 1,602,322**	15%

Cost of revenue for the six months ended June 30, 2013 increased 67% to $407,518 from $243,875 in the six months ended June 30, 2012. The increase is a result of increased consulting revenue, and therefore increased salary cost allocated to cost of revenue.

For the six months ended June 30, 2013 G&A expenses decreased 17% to $747,492 from $897,151 recorded in the six months ended June 30, 2012. The decrease is a result of decreased marketing and sales expenses, salaries and decreased administration expenses resulting from the reduction of financial management resources.

For the six months ended June 30, 2013, research and development ("R&D") expenditures increased 38% to $693,610 from $503,263 for the six months ended June 30, 2012. The increase is a result of increased staff and contractors associated with the research and development of the Company's oil and gas software suite.

Total comprehensive total comprehensive income (loss)

Total comprehensive loss for Q2 2013 was $87,290 compared to comprehensive income of $56,253 in Q2 2012 resulting from increased R&D expense, and reduced gain on fixed asset sales. Total comprehensive loss was $15,978 for the six months ended June 30, 2013, compared to total comprehensive loss of $445,717 for the six months ended June 30, 2012 due to increased revenue.

Liquidity and Capital Resources

At June 30, 2013, Acceleware had $579,253 in working capital compared to December 31, 2012 when it was $604,727. Cash and cash equivalents have increased since December 31, 2012 from $341,897 to $520,552 as at June 30, 2013 due to receipt of SR&ED tax credits, and increased collection of receivables. At June 30, 2013 the Company had $59,055 (December 31, 2012 - $56,158) in combined short-term and long-term debt in the form of finance leases. The decrease in working capital is related to a decrease in trade and SR&ED tax credits receivables. 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 a software products, consulting services and training; focus on the oil and gas vertical market; 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.[*]

Cash flow generated in operations totaled positive $198,314 for the three months ended June 30, 2013 (six months ended June 30, 2013 – positive $230,096), compared to cash used in operations of negative $162,723 for the three months ended June 30, 2012 (six months ended June 30, 2012 – negative $473,311). The increase is a result of increased income, collections of receivables and receipt of SR&ED tax credits in 2013.

Trade and Other Receivables

Accounts receivable as at June 30, 2013 decreased to $623,035, compared to $697,906 as at December 31, 2012. The decrease is a result of decreased revenue and invoicing in Q2 2013. 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 June 30, 2013 the Company has recorded $43,976 (six months ended June 30, 2013 - $80,155) in additional Alberta SR&ED tax credit receivables compared to $41,023 for the three months ended March 31, 2012 (six months ended June 30, 2012 - $88,298). During the three months ended June 30, 2013, the Company received $150,129 related to SR&ED tax credits earned in 2012. The total tax credit receivable was $80,155 at June 30, 2013 (December 31, 2012 - $155,580).

Current Liabilities

As at June 30, 2013, the Company had current liabilities of $709,231 compared to current liabilities of $704,526 as at December 31, 2012. The increase in current liabilities is due to increased deferred revenue and finance leases.

Investing Activities

[*] 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

For the three months ended June 30, 2013, $9,106 (six months ended June 30, 2013 - $67,207) was invested in property and equipment, primarily computer equipment and software. For the six months ended June 30, 2013, $12,614 of the investment in property and equipment relates to equipment under finance lease.

Financing Activities

During the three months ended June 30, 2013, $nil (six months ended June 30, 2013 - $12,614) was received in the form of computer equipment finances leases compared to $nil for the three months ended June 30, 2012 (six months ended June 30, 2012 - $nil). During Q2 2013 $6,240 (six months ended June 30, 2013 - $9,717) was repaid on finance leases compared to $nil in the six months ended June 30, 2012.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2012. 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, 2012.

Transactions with Related Parties

For the three months ended June 30, 2013, the Company incurred expenses in the amount of $39,000 (three months ended June 30, 2012 - $39,000) and $78,000 for the six months ended June 30, 2012 (six months ended June 30, 2012 - $76,114) 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, $13,000 was included in accounts payable and accrued liabilities as at June 30, 2013 (December 31, 2012 - $8,219). 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.

Four officers of the Company have advanced $163,838 (December 31, 2012 - $163,797) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2013. 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 June 30, 2013		Three months ended June 30, 2012
Salaries and short-term employee benefits	**$**	**178,934**	$	180,836
Share-based payments		**5,182**		14,413
	$	**184,116**	$	195,249

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2012 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, 2013 or later periods. The standards affected are as follows:

IFRS 9, 'Financial Instruments' 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 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 categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primary unchanged from IAS 39, other than the fair value measurement option which now addresses an entity's own credit risk. Additional amendments are expected with respect to de-recognition of financial instruments, impairment and hedge accounting. This new standard will also affect disclosures provided under IFRS 7 Financial instrument: disclosures. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

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	5,425,464

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, 2012 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended June 30, 2013**	**Three months ended June 30, 2012**
Salaries	$ 263,684	$ 156,350
Consulting	88,046	69,601
R&D lab supplies	21,886	19,149
Stock-based compensation	3,957	11,340
Rent and overhead allocations	19,033	16,667
Amortization	9,507	12,873
Alberta SR&ED Tax Credits	(43,976)	(41,023)
Total	**$ 362,137**	$ 244,957

Sales, General and Administration	**Three months ended June 30, 2013**	**Three months ended June 30, 2012**
Salaries	$ 231,595	$ 256,111
Marketing	33,647	22,072
Travel	17,353	17,932
Share-based payments	5,751	12,159
Rent, supplies and public company fees	60,505	85,482
Amortization	9,507	12,873
Professional fees	12,976	32,590
Total	**$ 371,336**	$ 439,220