ACCELEWARE LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

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, 2015, 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, 2014, 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 24, 2015. 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;
- the future growth prospects for radio frequency heating technology for heavy oil and oil sands based on technical and economic feasibility analyses performed to date;
- 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 the preliminary analyses the company has performed to date regarding the technical and economic feasibility of radio frequency technology for heating of heavy oil and oil sands will be confirmed in practise;
- 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.

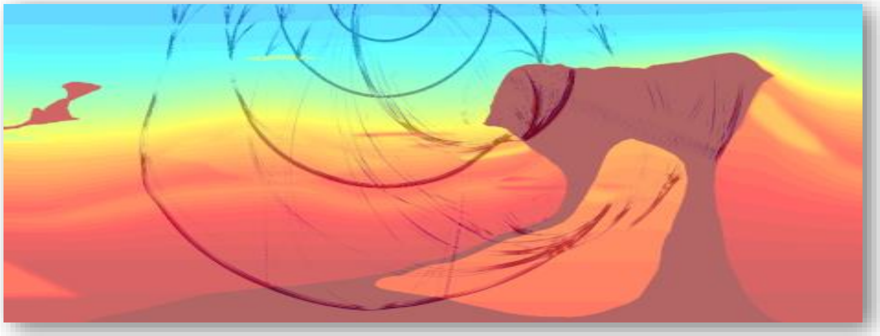
Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Forward-looking statements include statements with respect to the timing and amount of estimated future revenue and sales and the Company's ability 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^{TM}, a forward modelling variant of reverse time migration which allows customers to accurately model seismic acquisition and perform data characterization. In late 2014, Acceleware added AxFWI^{TM} a revolutionary modular full waveform inversion application to its seismic imaging suite. AxFWI allows geophysicists to create high quality subsurface velocity models in dramatically less time than before. Acceleware accesses the oil and gas 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, Open Geophysical, Ltd. and GeoTomo LLC.



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 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 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^{TM} a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production.*

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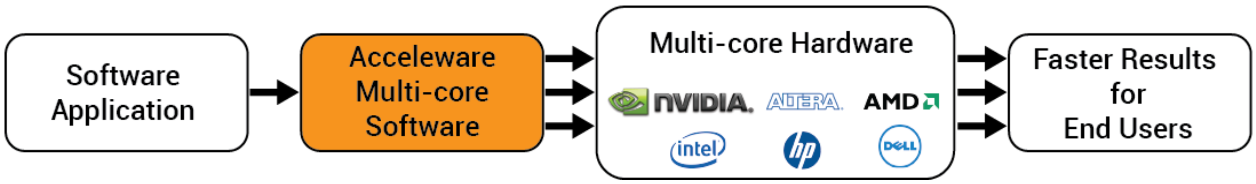
The FDTD solution will continue for the traditional markets and is an enabling technology for AxHEAT and the controlled source electromagnetic ("CSEM") method in the energy market. Increased sales and marketing efforts for these new and competitive technologies will also be a Company priority.

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 June 30, 2015, Acceleware had 19 employees including: 2 in administration; 4 in sales, marketing, and product management; and 13 in research and development.

Overall Performance

The challenging market conditions that Acceleware faced in the three months ended March 31, 2015 ("Q1 2015") continued into the three months ended June 30, 2015 ("Q2 2015"), caused by the dramatic fall in the worldwide price of oil. In Q1 2015, the Company's customers adjusted to the new market reality, by delaying, and in some cases cancelling, plans to invest in seismic imaging software, HPC consulting services, and RF heating research and development. However, as Q2 2015 progressed, Acceleware began to see some movement in delayed projects. As a result, Acceleware recorded a 94% increase in revenue to $638,977 in Q2 2015 compared to $328,774 in Q1 2015, while still 2% lower than the $655,084 recorded in the three months ended June 30, 2014 ("Q2 2014").

Although Acceleware benefited from a favourable United States dollar to Canadian dollar exchange rate in 2015, the market conditions resulted in a 27% decrease in revenue to $967,751 for the six months ended June 30, 2015 compared to $1,328,068 recorded in the six months ended June 30, 2014.

As a result of the significant increase in revenue, Acceleware's total comprehensive loss decreased to $106,087 in Q2 2015 compared to $357,834 in Q1 2015. Total comprehensive loss increased 46% in Q2 2015 from the $72,530 recorded in Q2 2014 due to higher research and development expense. Total comprehensive loss for the six months ended June 30, 2015 was $463,921 a 332% increase over the loss of $107,423 recorded in the six months ended June 30, 2014. The increase is a result of lower revenue.

At June 30, 2015, Acceleware had $297,695 in working capital compared to December 31, 2014 when it was $713,085. Cash and cash equivalents have decreased since December 31, 2014 from $630,322 to $469,659 as at June 30, 2015. At June 30, 2015 the Company had $53,541 (December 31, 2014 - $47,168) in combined short-term and long-term debt in the form of finance leases. The reduction in working capital is related to a decrease in trade and other receivables and lower cash both caused by lower revenue. During this challenging time, 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.

Since the end of Q1 2015, the Company has seen a moderate rebound in the demand for its products and revenue, as evidenced for example, by the recent agreement with Repsol for a major RTM custom software development project. Management will be actively monitoring revenue forecasts to ensure that cash flows from operations will be sufficient to fund activities during the balance of 2015 and beyond.*

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.*

Recent Highlights and Events

April 23, 2015 – the Company and Repsol signed an agreement covering the custom development, and maintenance of leading-edge production-ready Reverse Time Migration (RTM) seismic imaging software. The agreement is expected to be worth US$2.1 million to Acceleware, of which US$1.3 million is expected to be payable in the first year, with the rest payable over a three year maintenance period.

May 26, 2015 – a Latin American geosciences service company selected Open Geophysical's leading-edge production-ready RTM seismic imaging software, which utilizes Acceleware AxRTM libraries for both model building and high-frequency final imaging.

June 2, 2015 – Acceleware agreed to provide AxFWI to the CREWES research project at the University of Calgary for use geophysical research.

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Strategic Update

Oil and Gas Focus

In 2015, 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 2015, the Company is continuing the development of follow-on seismic products to AxRTM, such as full waveform inversion and elastic modelling. In addition to these new products, Acceleware is continuously upgrading the performance of AxRTM and adding new customer-driven features. During late 2014 the Company derived its first revenue from AxFWI, Acceleware's new modular full waveform inversion software application. Full waveform inversion allows geophysicists to dramatically improve subsurface models with less manual processing.

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 2015. The Company sells its seismic imaging solutions through four resellers, and is actively pursuing other resellers. The Company's key Seismic ISVs are Paradigm Geophysical, Tsunami Development, Open Geophysical, Ltd, and GeoTomo LLC. 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.[*] For example, the above noted agreement with Repsol is a direct sale of a customized RTM software solution.

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 2015, 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

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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 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.

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 2015, Acceleware will host several HPC training classes in both open enrolment format and custom-designed formats for individual organizations.

RF Heating business

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 2014, Acceleware commercialized and introduced these simulation tools as AxHEAT, a product aimed at oil and gas companies investigating the effectiveness of RF heating in increasing the efficiency of heavy oil and oil sands production. In 2014, the company began to develop proprietary and protectable RF heating technology. Beginning in August, 2014 the Company received funding from the National Research Council – Industrial Research Assistance Program ("NRC-IRAP") to partially finance the development. Acceleware's RF heating R&D program is focussed on removing certain known technical limitations preventing the widespread adoption of the technology in enhanced oil recovery.

Going forward into 2015, Acceleware will continue to focus on oil & gas, with AxRTM, AxWave, AxFWI, AxHEAT and RF heating as the main strategic revenue and investment technologies. Innovations and improvements to the FDTD solution will continue for the traditional markets and be an enabling technology for AxHEAT and the CSEM method in the energy market. Increased sales and marketing efforts for these new and competitive technologies will also be a Company priority.

The outlook for Acceleware's oil and gas technology business in 2015 remains uncertain. As the Company's customers grapple with the sudden decrease in the world price of oil, we have seen caution among our customers resulting in delayed and cancelled purchase decisions at the beginning of the year. More recently we have seen increased demand for both seismic products and RF heating solutions. However, it is unclear if this is a trend that will continue. The Company has taken steps to reduce operating and capital expenditures during this time of uncertainty.*

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, 2015.

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	Year 2015		Year 2014				Year 2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	$638,977	$328,774	$812,973	$515,241	$655,084	$672,984	$616,329	$672,035
Cash (used) generated in operating activities	(20,365)	(111,712)	58,580	(247,257)	80,069	(145,443)	58,215	(165,976)
Total comprehensive (loss) income for the period	(106,087)	(357,834)	32,043	(83,518)	(72,530)	(34,893)	(221,053)	(194,143)
Earnings (loss) per share basic and diluted	($0.002)	($0.005)	$0.000	($0.001)	($0.001)	($0.001)	($0.004)	($0.003)

Compared to the same quarter a year earlier, Acceleware showed a slight decrease in revenue during Q2 2015. Total comprehensive loss increased in Q2 2015 compared to total comprehensive loss in Q2 2014 on higher research and development expense. However, both revenue and total comprehensive loss improved significantly in Q2 2015 compared to Q1 2015 on higher revenue. Lower loss meant cash used in operating activities decreased substantially in Q2 2015 compared to Q1 2015. However, cash was generated in operating activities in Q2 2014 on lower investment in working capital, principally trade and other receivables.

Results of Operations

Revenue

During the quarter ended June 30, 2015, the Company recorded revenues of $638,977, a decrease of 2% compared to $655,084 for the quarter ended June 30, 2014, and an increase of 94% compared to the $328,774 recorded for Q1 2015. The decrease compared to Q2 2014 can be attributed to a decrease in consulting services for RF heating. The Company's RF heating customers have delayed or slowed investment in research and development in the face of low oil prices. The revenue increase compared to Q1 2015 can be attributed to increased seismic software and consulting services, particularly related to the Repsol project noted above.

Revenue	**Three months ended 6/30/2015**	Three months ended 6/30/2014	Three months ended 3/31/2015	% change Q2 2015 over Q2 2014	% change Q2 2015 over Q1 2015
Product sales	**$ 235,915**	$ 231,119	$ 33,811	2%	598%
Maintenance	**102,216**	107,533	91,383	-5%	12%
Consulting	**300,846**	316,432	203,580	-5%	48%
	$ 638,977	$ 655,084	$ 328,774	-2%	94%

Product sales revenue increased 2% to $235,915 for Q2 2015 compared to $231,119 for Q2 2014 due to product elements supplied under the Repsol agreement. Product sales increased 598% to $235,915 for Q2 2015 compared to $33,811 for Q1 2015, due to Repsol and other seismic imaging software sales. Maintenance revenue decreased 5% to $102,216 for Q2 2015 compared to $107,533 for Q2 2014 and increased 12% compared to $91,383 for Q1 2015. Consulting revenue decreased 5% to $300,846 in Q2 2015 compared to $316,432 recognized in Q2 2014 due to lower RF heating consulting fees from oil and gas customers, who have delayed or cut spending on research and development. Consulting revenue increased 48% compared to $203,580 in Q1 2015, on higher consulting services associated with Repsol, and higher HPC training revenue. It should be noted that the US dollar has appreciated significantly relative to the Canadian dollar in Q2 2015. Compared to Q2 2014 the US dollar has appreciated 11% in Q2 2015. The appreciation has a positive impact on recorded revenue as over 87% of Q2 2015 revenue is invoiced in US dollars.

During the six months ended June 30, 2015, the Company reported total revenues of $967,751, a 27% decrease compared to $1,328,068 for the six months ended June 30, 2014. The decline in recognized revenue over the same period in the prior year was due to a significant decrease in oil and gas consulting services for both RF heating and HPC solutions, and decreased seismic software sales, all due to uncertainty associated with low oil prices.

Revenue	**Six months ended 6/30/2015**	Six months ended 6/30/2014	% change Six months ended 06/30/2015 over Six months ended 06/30/2014
Product sales	**$ 269,726**	$ 396,925	-32%
Maintenance	**193,599**	216,086	-10%
Consulting	**504,416**	715,057	-29%
	$ 967,751	$ 1,328,068	-27%

Product sales decreased 32% to $269,726 for the six months ended June 30, 2015 from $396,925 recorded in the six months ended June 30, 2014, due in large part to a significant decrease in seismic imaging software sales, and despite the Repsol project. Maintenance revenue decreased 10% to $193,599 for the six months ended June 30, 2015 from $216,086 in the six months ended June 30, 2014. The decrease in maintenance revenue is a result of lower seismic imaging maintenance and lease customers. As the Company's RF heating customers are becoming more cautious, RF heating consulting services have declined. Consulting revenue fell 29% to $504,416 in the six months ended June 30, 2015 from $715,057 recognized in the six months ended June 30, 2014. RF heating and HPC services are expected to grow later in 2015. Again, it should be noted that the US dollar has appreciated significantly relative to the Canadian dollar in 2015. Compared to the six months ended June 30, 2014 the US dollar has appreciated 11% in the six months ended June 30, 2015. The appreciation has a positive impact on recorded revenue as over 85% of revenue for the six months ended June 30, 2015 is invoiced in US dollars. *

Expenses

Expenses	**Three months ended 6/30/2015**	Three months ended 6/30/2014	Three months ended 3/31/2015	% change Q2 2015 over Q2 2014	% change Q2 2015 over Q1 2015
Cost of revenue	**$ 61,641**	$ 81,132	$ 104,455	-24%	-41%
General & administrative	**324,459**	349,251	214,914	-7%	51%
Research & development	**358,964**	297,231	367,679	21%	-2%
	$ 745,064	$ 727,614	$ 687,048	2%	8%

Expenses increased 2% during the three months ended June 30, 2015 to $745,064 from $727,614 for the three months ended June 30, 2014 due to increased R&D expenses. Expenses increased 8% from the $687,048 recorded in Q1 2015 due to higher G&A expenses.

Cost of revenue for Q2 2015 decreased 24% to $61,641 from $81,132 in Q2 2014 and decreased 41% from $104,455 in Q1 2015. The decrease in Q2 2015 compared to Q2 2014 is a result of lower consulting revenue and therefore lower consulting cost of revenue. The decrease in Q2 2015 compared to Q1 2015 is a result of costs associated with an RF heating test stand constructed and delivered to a customer in Q1 2015. Net of these costs,

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there were lower direct costs associated with consulting services (salaries, contractors, and travel) in Q1 2015 compared to Q2 2015, consistent with lower consulting revenue.

For the three months ended June 30, 2015, G&A expenses decreased 7% to $324,459 from $349,251 recorded in Q2 2014. The decrease is as a result of lower employee salaries in marketing and sales. G&A expenses increased 51% in Q2 2015 compared to the $214,914 recorded in Q1 2015, due to increased loss on foreign exchange. In Q2 2015 the company recognized a $23,422 loss on foreign exchange compared to a gain of $72,581 in Q1 2015. The foreign exchange gain was $21,334 in Q2 2014. Foreign exchange gains or losses typically occur when the exchange rate changes between the time when revenue is recognized, and when the resulting receivable is collected.

For the three months ended June 30, 2015, R&D expenditures increased 21% to $358,964 from $297,231 for the three months ended June 30, 2014 due to increased technical staff working on R&D, as opposed to working on consulting projects. R&D decreased 2% in Q2 2015 compared to the $367,679 recorded in Q1 2015, for the opposite reason.

Expenses fell a negligible amount during the six months ended June 30, 2015 to $1,432,112 from $1,435,971 for the six months ended June 30, 2014.

Expenses	**Six months ended 6/30/2015**	Six months ended 6/30/2014	% change Six months ended 6/30/2015 over six months ended 6/30/2014
Cost of revenue	**$ 166,096**	$ 165,533	0%
General & administrative	**539,373**	667,977	-19%
Research & development	**716,643**	602,461	21%
	$ 1,432,112	$ 1,435,971	0%

Cost of revenue for the six months ended June 30, 2015 was $166,096 compared to $165,533 in the six months ended June 30, 2014.

For the six months ended June 30, 2015, G&A expenses fell 19% to $539,373 from $667,977 recorded in the six months ended June 30, 2014. The decrease is a result of lower marketing and sales expenses and salaries, and higher gain on foreign exchange. Foreign exchange gain was $49,159 in the six months ended June 30, 2015 compared to a gain of $480 in the six months ended June 30, 2014. Foreign exchange gains or losses typically occur when the exchange rate changes between the time when revenue is recognized, and when the resulting receivable is collected.

For the six months ended June 30, 2015, research and development (“R&D”) expenditures increased 21% to $716,643 from $602,461 for the six months ended June 30, 2014. The increase is a result of more staff and contractors associated with research and development, offset by increased government assistance from the Alberta Innovates – Technology Futures program and Nation Research Council’s Industrial Research Assistance Program.

Total comprehensive income (loss)

During the three months ended June 30, 2015, Acceleware had a total comprehensive loss of ($106,087), compared to a total comprehensive loss of ($72,530) for the three months ended June 30, 2014. The increase in loss is a result of an increase in R&D expense.

Total comprehensive loss decreased significantly in Q2 2015 from ($106,087) compared to Q1 2015 when it was ($357,834). The decrease in loss was due to the significant increase in revenue.

Total comprehensive loss was ($464,361) for the six months ended June 30, 2015, compared to total comprehensive loss of ($107,423) for the six months ended June 30, 2014 due to decreased revenue explained above.

Liquidity and Capital Resources

At June 30, 2015, Acceleware had $297,695 in working capital compared to December 31, 2014 when it was $713,085. Cash and cash equivalents have decreased since December 31, 2014 from $630,322 to $469,659 as at June 30, 2015. At June 30, 2015 the Company had $53,541 (December 31, 2014 - $47,168) in combined short-term and long-term debt in the form of finance leases. The reduction in working capital is related to a decrease in trade and other receivables and lower cash both caused by lower revenue. During this challenging time, 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.[*]

Cash flow used in operations totaled $20,365 for the three months ended June 30, 2015 compared to cash generated of $80,069 for the three months ended June 30, 2014. The change is a result of higher loss, and increased investment in working capital, particularly work in progress associated principally with the Repsol project.

Trade and Other Receivables

Trade and other receivables as at June 30, 2015 decreased to $386,836 compared to $756,909 as at December 31, 2014. The decrease is a result of decreased revenue and invoicing in Q2 2015 and increased collections. The Company maintains close contact with its customers to mitigate risk in the collection of receivables.

Work in Progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses, if any. Work in progress is presented in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. Work in progress was $170,957 at June 30, 2015 compared to $nil at December 31, 2014.

Alberta SR&ED Tax Credits

Beginning in tax years ending after January 1, 2010, the Alberta Provincial Government is allowing refundable SR&ED tax credits. For Q2 2015 the Company has recorded $34,590 (Q2 2014 - $32,554) in SR&ED receivables.

[*] this paragraph contains forward looking information. Please refer to "Forward Looking Statements" and "Risk Factors and Uncertainties" for a discussion of the risks and uncertainties related to such information

Current Liabilities

As at June 30, 2015, the Company had current liabilities of $851,999 compared to current liabilities of $912,202 as at December 31, 2014. The decrease in current liabilities is due to decreased deferred revenue and decreased payables.

Risks Factors and Uncertainties

There have been no material changes in any risks or uncertainties facing the Company since December 31, 2014. 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, 2014.

Transactions with Related Parties

For the three months ended June 30, 2015, the Company incurred expenses in the amount of $39,000 (three months ended June 30, 2014 - $39,000) and $78,000 for the six months ended June 30, 2015 (six months ended June 30, 2014 - $78,000) 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. $22,083 was included in accounts payable and accrued liabilities as at June 30, 2015 (December 31, 2014 $24,607). 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 June 30, 2015, the Company incurred expenses in the amount of $10,801 (three months ended June 30, 2014 - $nil) and $10,821 for the six months ended June 30, 2015 (six months ended June 30, 2014 - $nil) with a company controlled by a director of the Company for legal fees, and this amount is included in general and administrative. $11,160 was included in accounts payable and accrued liabilities as at June 30, 2015 (December 31, 2014 - $4,694). 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 $315,105 (December 31, 2014 - $283,383) to the Company. These amounts are non-interest bearing, unsecured and are to be repaid no later than December 31, 2015. 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, 2015	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
Salaries and short-term employee benefits	**$ 163,359**	$ 163,356	**$ 326,713**	$ 334,253
Share-based payments	**8,132**	13,881	**14,826**	18,775
	$ 170,048	$ 177,237	**$ 341,539**	$ 353,028

Critical Accounting Estimates

General

The Management's Discussion and Analysis for the year ended December 31, 2014 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 9 Financial instruments
The Company will be required to adopt IFRS 9, Financial Instruments ("IFRS 9") effective for fiscal years ending on or after January 1, 2018 with earlier application permitted. This is a result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers
On May 28, 2015, the IASB issued the final revenue standard, IFRS 15 Revenue from Contracts with Customers, which will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2017, and interim periods within that year. Earlier application is permitted. The Company is analyzing the new standard to determine its impact on the Company's financial statements.

Financial Instruments and Other Instruments

The Company's only financial instruments are the monetary assets and liabilities appearing on its statement of financial position.

Disclosure of Outstanding Share Data

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

Common Shares	66,190,266
Stock Options	5,809,370

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 financial statements for December 31, 2015 that are available on www.sedar.com and as noted below.

Research and Development	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**
Salaries	$ 321,157	$ 244,620
Consulting	50,561	46,166
R&D lab supplies	31,715	16,098
Stock-based compensation	9,127	5,169
Rent and overhead allocations	18,602	21,598
Amortization	10,608	10,419
Government assistance	(48,216)	(13,750)
Alberta SR&ED Tax Credits	(34,590)	(33,089)
Total	**$ 358,964**	**$ 297,231**

Sales, General and Administration	**Three months ended June 30, 2015**	**Three months ended June 30, 2014**
Salaries	$ 155,869	$ 177,129
Marketing	27,462	27,320
Travel	6,928	9,948
Share-based payments	7,766	13,026
Rent, supplies and public company fees	85,971	86,214
Amortization	10,608	10,419
Professional fees	29,855	25,195
Bad debt expense	—	—
Total	**$ 324,459**	**$ 349,251**