
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of **December, 2014**

Commission File Number: **000-55232**

Sphere 3D Corp.

(Translation of registrant's name into English)

240 Matheson Blvd. East

Mississauga, Ontario L4Z 1X1

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

SUBMITTED HEREWITH

Exhibits

[99.1 Interim Financial Statements, Period Ending September 30, 2014](#)

[99.2 Management Discussion and Analysis](#)

[99.3 Certification of Interim Filings - CEO](#)

[99.4 Certification of Interim Filings - CFO](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPHERE 3D CORP.

(Registrant)

Date: December 1, 2014

By: */s/ T. Scott Worthington*

T. Scott Worthington
Title: Chief Financial Officer

SPHERE 3D CORPORATION

Condensed Consolidated Financial Statements (Unaudited)

For the Three and Nine Months Ended September 30, 2014 and 2013

(Expressed in Canadian Dollars)

Sphere 3D Corporation
Condensed Consolidated Statements of Financial Position
As at
(Expressed in Canadian Dollars)

	September 30, 2014	December 31, 2013
	(unaudited)	(audited)
Assets		
Current		
Cash and cash equivalents	\$ 2,988,219	\$ 5,550,788
Investments	188,824	312,823
Loans	-	203,641
Sales tax recoverable	383,955	95,088
Amounts receivable	3,319,797	-
Inventory	128,758	136,591
Advance equipment prepayment	230,446	397,702
Prepaid and sundry assets (note 5)	601,368	142,361
	7,841,367	6,838,994
Promissory Note (note 6)	9,004,961	-
Capital assets (note 7)	649,758	389,119
Intangible assets (note 8)	17,203,857	1,668,079
	\$ 34,699,943	\$ 8,896,192
Liabilities		
Current		
Trade and other payables (note 9)	\$ 2,574,665	\$ 478,282
Contingent earn-out (note 8)	4,084,834	-
Deferred Revenue	180,339	504,488
	6,839,838	982,770
Convertible debenture (note 10)	5,706,167	-
	12,546,005	982,770
Shareholders' Equity		
Common share capital (note 11)	22,462,692	12,085,781
Other equity (note 12)	12,729,177	1,715,151
Deficit	(13,037,931)	(5,887,510)
	22,153,938	7,913,422
	\$ 34,699,943	\$ 8,896,192
Nature of operations (note 1)		
Commitment and contingencies (note 15)		
Subsequent events (note 18)		

Approved by the Board

"Glenn Bowman"
Director

"Peter Tassiopoulos"
Director

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2014	2013	September 30, 2014	2013
Revenue	\$ 1,615,727	\$ -	\$ 4,372,292	\$ -
Cost of goods sold	873,240	-	2,147,530	-
Gross Margin	742,487	-	2,224,762	-
Expenses (income)				
Salaries and consulting	889,281	145,785	1,966,695	886,357
Stock based compensation	868,716	54,348	2,053,408	101,388
General and administrative	966,079	190,706	1,763,758	515,172
Amortization of intangibles	1,147,342	873	2,295,654	2,619
Amortization of property and equipment	76,962	49,946	241,481	146,243
Finance expenses (note 13)	(31,783)	27,005	119,355	26,658
Merger agreement costs	579,368	-	934,832	-
	4,495,965	468,663	9,375,183	1,678,437
Net comprehensive loss for the period	\$ (3,753,478)	\$ (468,663)	\$ (7,150,421)	\$ (1,678,437)
Loss per share				
Basic and diluted	\$ (0.16)	\$ (0.03)	\$ (0.31)	\$ (0.10)
Weighted average number of common shares	23,566,703	17,187,594	22,880,164	16,481,568

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Changes in Equity (Unaudited)
(Expressed in Canadian Dollars)

	Number of common shares	Common share capital	Other Equity	Deficit	Total
Balance at December 31, 2012	16,114,339	\$ 5,409,488	\$ 1,007,500	\$ (3,509,487)	\$ 2,907,501
Issuance of warrants	-	(203,000)	203,000	-	-
Exercise of warrants	1,386,206	1,582,584	(263,650)	-	1,318,934
Exercise of options	60,001	51,000	(8,000)	-	43,000
Share-based payments	769,231	500,000	-	-	500,000
Stock based compensation	-	-	118,169	-	118,169
Comprehensive loss for the period	-	-	-	(1,678,437)	(1,678,437)
Balance at September 30, 2013	18,329,777	\$ 7,340,072	\$ 1,057,019	\$ (5,187,924)	\$ 3,209,167
Issuance of common shares	1,250,000	4,187,500	-	-	4,187,500
Share issuance costs	-	(441,178)	-	-	(441,178)
Issuance of warrants	-	(657,000)	657,000	-	-
Exercise of warrants	1,398,634	2,262,136	(890,878)	-	1,371,258
Issuance of warrants on exercise	-	(703,000)	703,000	-	-
Exercise of options	120,000	97,251	(12,500)	-	84,751
Stock based compensation	-	-	201,510	-	201,510
Comprehensive loss for the period	-	-	-	(699,586)	(699,586)
Balance at December 31, 2013	21,098,411	\$ 12,085,781	\$ 1,715,151	\$ (5,887,510)	\$ 7,913,422
Issuance of common shares on acquisition of intangible assets	1,089,867	7,133,179	-	-	7,133,179
Issuance of special warrants, net of costs (note 12)	-	-	9,072,526	-	9,072,526
Exercise of warrants	1,195,257	2,470,616	(443,733)	-	2,026,883
Exercise of options	196,250	163,489	(30,389)	-	133,100
Share-based payments	63,695	609,627	-	-	609,627
Stock based compensation	-	-	2,415,622	-	2,415,622
Comprehensive loss for the period	-	-	-	(7,150,421)	(7,150,521)
Balance at September 30, 2014	23,643,480	\$ 22,462,692	\$ 12,729,177	\$ (13,037,931)	\$ 22,153,938

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Nine months ended September 30,	
	2014	2013
Cash flow from operating activities		
Net comprehensive loss for the period	\$ (7,150,421)	\$ (1,678,437)
Items not affecting cash:		
Adjustment for depreciation	241,481	146,243
Adjustment for amortization	2,295,654	2,619
Stock compensation expenses	2,053,408	101,387
Expenses paid through stock issuances	776,883	-
Financing expense of convertible debenture	39,362	-
Unrealized loss on derivative liability	65,631	-
Unrealized foreign exchange gain	(165,117)	-
Unrealized investment holding loss	56,924	-
Change in working capital:		
Change in investments	68,434	(208,875)
Change in sales tax recoverable	(288,867)	3,003
Change in amounts receivable	(3,317,192)	-
Change in inventory	7,833	-
Change in prepaid and sundry assets	(459,007)	(77,493)
Change in trade and other payables	1,870,167	(116,611)
Change in deferred revenue	(324,149)	500,000
Change in subscriptions received	-	150,035
Net cash used in operating activities	(4,228,976)	(1,178,129)
Cash flow from investing activities		
Promissory notes	(8,835,058)	-
Acquisition of intangible assets	(4,618,000)	-
Investment in technology	(1,411,565)	(339,574)
Acquisition of property and equipment	(502,120)	(82,861)
Repayment of loans receivable	203,641	-
Net cash used in investing activities	(15,163,102)	(422,435)
Cash flow from financing activities		
Proceeds from common shares net of issue costs	-	-
Proceeds from issuance of special warrants, net of issue costs	9,072,526	-
Proceeds from warrant exercises	2,026,883	1,318,934
Proceeds from options exercises	133,100	43,000
Debenture financing	5,597,000	-
Net cash generated in financing activities	16,829,509	1,361,934
Net increase in cash and cash equivalents	(2,562,569)	(238,630)
Cash and cash equivalents at opening	5,550,788	1,633,334
Cash and cash equivalents at closing	\$ 2,988,219	\$ 1,394,704

See accompanying notes, which are an integral part of these financial statements

Sphere 3D CorporationCondensed Consolidated Statements of Cash Flows (Unaudited) - continued
(Expressed in Canadian Dollars)

	Nine months ended September 30,	
	2014	2013
Non-cash Investing and Financing Activities:		
Issuance of common shares on acquisition of intangible assets	\$ (7,133,179)	\$ -
Contingent liability for the acquisition of intangible assets	(4,031,220)	-
Holdback on the acquisition of intangible assets	(223,880)	-
	\$ (11,388,279)	\$ -

See accompanying notes, which are an integral part of these financial statements

Sphere 3D Corporation

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Sphere 3D Corporation (the "Company" or "Sphere 3D") was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 and is listed on the TSXV and NASDAQ, under the trading symbol "ANY" and has its main and registered office of the Company located at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

Sphere 3D is a technology development company focused on establishing its patent pending emulation and virtualization technology. These consolidated statements include the financial statements of the Company, its wholly-owned subsidiaries, S3D Acquisition Company., which was incorporated under the laws of the State of California on May 14, 2014, V3 Systems Holdings, Inc., which was incorporated under the laws of the State of Delaware on January 14, 2014, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company may have to raise additional capital to fund acquisitions and operations until such point that revenues from products and technology are able to fund operations. If the Company is not able to raise sufficient capital then there is the risk that the Company will not be able to realize the value of its assets and discharge its liabilities. To date the Company has been successful raising capital in fiscal 2013 and 2014.

2. Statement of Compliance

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as were applied in our most recent audited consolidated annual financial statements for the year ended December 31, 2013.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the most recent audited consolidated annual financial statements of the Company for the year ended December 31, 2013, which are available at www.sedar.com.

These condensed consolidated interim financial statements were approved by the Board of Directors on November 28, 2014.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements as at and for the periods ended September 30, 2014 and 2013, unless otherwise indicated.

The consolidated financial statements comprise the accounts of the Company, and its controlled subsidiaries. The financial statements of the wholly owned subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(a) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are noted below with further details of the assumptions in the following notes:

(i) Share-based payments

When charges for share-based payments are based on the equity instrument granted, the fair value is calculated at the date of the award. The equity instruments are valued using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

(ii) Investment in technology

The recoverability of the investment in technology is dependent on the future realization of cash flows from amounts spent.

(iii) Capital assets

The useful lives of capital assets are estimated based on the length of use of the assets by the Company.

3. Significant Accounting Policies (continued)**(a) Use of estimates and judgements (continued)**

(iv) Income taxes

Tax interpretations, regulations and legislation in the jurisdiction in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realised from future taxable earnings.

(v) Convertible debenture

The convertible debenture is a hybrid instrument that was bifurcated between its liability and derivative components. The derivative liability was valued using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

The derivative liability is revalued each quarter using Black-Scholes; inputs to the model include assumptions on share price volatility, discount rates and expected life outstanding.

(vi) Contingent liability

The contingent liability was valued using assumptions on revenue and discount rates.

(b) Foreign currency

The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial instruments comprise of cash and cash equivalents, investments, loans, amounts receivable and trade and other payables. Non-derivatives financial instruments are recognised initially at the fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

3. Significant Accounting Policies (continued)**(c) Financial instruments (continued)****(ii) Cash, cash equivalents and investments**

Cash and cash equivalents comprise cash on hand, term deposits with banks, other short-term highly liquid investments with original maturities of six months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management, whereby management has the ability and intent to net bank overdrafts against cash, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments comprise highly liquid investments, in the form of guaranteed investment certificates, with maturities greater than six months but with cashable features. Investments have been used to secure the Company's credit rating and are therefore separated from cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition the transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has designated cash and cash equivalents, investments, contingent liability and derivative liability at fair value.

(iv) Other

Other non-derivative financial instruments, such as amounts receivable, loans and trade and other payables and convertible debentures, are measured at amortized cost using the effective interest method, less any impairment losses.

(d) Convertible debenture

The proceeds received on issue of the Company's convertible debenture have been recorded as a liability included in borrowings on the consolidated statement of financial position. The convertible debenture contains an embedded derivative. The Company values the embedded derivative using an option pricing model and the residual amount is allocated to the debenture liability.

The derivative is revalued at each reporting date with any gain or loss flowing through profit or loss. On conversion of the convertible debt to common shares the value of the derivative is taken into share capital.

Sphere 3D Corporation

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(e) Capital assets

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

(iii) Amortization

Amortization is calculated as the cost of the asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

· Computer hardware	- 3 years
· Furniture and fixtures	- 5 years
· Marketing and Web Development	- 2 years
· Leasehold improvements	- over the term of the lease

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(f) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

(g) Trade and other payables

Trade and other payables are stated at cost.

(h) Statement of financial position

Assets and liabilities expected to be realised in, or intended for sale or consumption in, the Company's normal operating cycle, usually equal to 12 months, are recorded as current assets or liabilities.

(i) Statement of cash flows

The Company prepares its Statement of Cash Flows using the indirect method.

(j) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of comprehensive loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the statement of comprehensive loss.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements
September 30, 2014 and 2013
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(j) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets referred to as a cash generating unit (CGU). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from sales.

(iii) Non-financial assets (Cont'd)

Fair value less costs of disposal to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost of disposal is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive loss. Impairment losses recognized in respect of CGU's are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(k) Intangible assets

(i) Patents and trademarks

Costs to obtain patents and trademarks are capitalized and are amortized to operations on a straight-line basis over the underlying term of the assets, which is 20 years, commencing upon the registration or acquisition of the patent or trademark.

(ii) Investment in Technology

The investment in technology consists of consideration paid for the acquisition of the technology. Amortization commences with the successful commercial production or use of the product or process. These costs are being amortized over a period of four years from commencement of commercial use.

(iii) Research and Development Costs

Research costs are charged to income when incurred.

Development costs are capitalized as intangible assets when the Company can demonstrate that the technical feasibility of the project has been established; the Company intends to complete the asset for use or sale and has the ability to do so; the asset can generate probable future economic benefits; the technical and financial resources are available to complete the development; and the Company can reliably measure the expenditure attributable to the intangible asset during its development. As of July, 2013, the Company has met the requirements for deferral of these expenses and has commenced capitalization of development costs incurred relating to its investment in technology. Amortization commences with the successful commercial production or use of the product or process. These costs are amortized over a period of four years from commencement of commercial use.

Investment Tax Credits ("ITCs") earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense, the related deferred development costs or related capital assets. Management records ITC's when there is reasonable assurance of collection. To date, management has not recorded any amounts related to ITC's.

(l) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(m) Share based payments

The grant date fair value of options awarded to employees, directors, and service providers is measured using the Black-Scholes option pricing model and recognised in the statement of comprehensive loss, with corresponding increase in contributed surplus over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognised in contributed surplus, is recorded as an increase to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(n) Revenue

Revenue from sales of products is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, collectability is reasonably assured and delivery has occurred. Under this policy, revenue on direct product sales is recognized upon shipment of products to customers. These customers are not entitled to any specific right of return or price protection, except for any defective product that may be returned under the Company's warranty policy. Generally, title and risk of loss transfer to the customer when the product leaves the Company's dock.

Warranty and Extended Services

The Company records a provision for estimated future warranty costs for both return-to-factory and on-site warranties. If future actual costs to repair were to differ significantly from estimates, the impact of these unforeseen costs or cost reductions would be recorded in subsequent periods. Separately priced extended warranties and service contracts are offered for sale to customers on all product lines. Extended warranty and service contract revenue is deferred and recognized as service revenue, over the period of the service agreement.

(o) Finance income and expenses

Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Foreign currency gain and losses, reported under finance income and expenses, are reported on a net basis.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

(p) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Loss per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options and warrants. The dilutive effect on earnings per share is recognised on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. At year end, the effect of stock options, warrants and conversion feature on debt was anti-dilutive.

(r) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements
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3. Significant Accounting Policies (continued)

(s) Contingent earn-out

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(t) Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2013. Many are not applicable to, or do not have a significant impact on, the Corporation and have been excluded.

(i) IAS 32 – Financial Instruments

IAS 32 Financial Instruments: Presentation was amended by the IASB in December 2011. Offsetting Financial Assets and Financial Liabilities amendment addresses inconsistencies identified in applying some of the offsetting criteria. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

(ii) IAS 36 – Impairment of Assets

IAS 36 Impairment of Assets was amended by the IASB in June 2013. Recoverable Amount Disclosures for Non-Financial Assets amendment modifies certain disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted when the entity has already applied IFRS 13. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's financial statements.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

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3. Significant Accounting Policies (continued)

(u) Future accounting pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

i) IFRS 9 – Financial Instruments

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

The effective date of IFRS 9 was deferred to years beginning on or after January 1, 2018. Earlier application is permitted.

4. Determination of Fair Value

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (a) The fair value of cash and cash equivalents, investments and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At September 30, 2014 and December 31, 2013, the fair value of these balances approximated their carrying value due to their short term to maturity.
- (b) The fair value of stock options and warrants are measured using a Black-Scholes, option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option and warrant holder behaviour) and the risk-free interest rate (based on government bonds).

The carrying value of amounts receivable, loans and trade and other payables included in the financial position approximate fair value due to the short term nature of those instruments.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

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4. Determination of Fair Value (continued)

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on the statement of financial position as of September 30, 2014 and December 31, 2013.

September 30, 2014	Carrying amount	Fair value	Fair value measurements using		
			Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	\$ 2,988,219	\$ 2,988,219	\$ 2,988,219	\$ -	\$ -
Investments	\$ 188,824	\$ 188,824	\$ 188,824	\$ -	\$ -
Financial liabilities					
Derivative liability	\$ 391,150	\$ 391,150	\$ -	\$ 391,150	\$ -
Contingent earn-out	\$ 4,084,834	\$ 4,084,834	\$ -	\$ -	\$ 4,084,834

December 31, 2013	Carrying amount	Fair value	Fair value measurements using		
			Quoted prices in Active Market (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Cash and cash equivalents	\$ 5,550,788	\$ 5,550,788	\$ 5,550,788	\$ -	\$ -
Investments	\$ 312,823	\$ 312,823	\$ 312,823	\$ -	\$ -

Level 1 fair value measurements are based on unadjusted quoted market prices.

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

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4. Determination of Fair Value (continued)

The Company values financial instruments included in Level 3 on a quarterly basis. The significant unobservable inputs used in the fair value measurement of the Level 3 instruments as at September 30, 2014 are as follows:

Contingent earn-out

	March 21, 2014	March 31, 2014	June 30, 2014	September 30, 2014
Earn out revenue estimation	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000	\$ 12,500,000
Discount rate	35%	35%	35%	35%
Effect on condensed consolidated interim statement of comprehensive loss	\$ -	\$ -	\$ -	\$ -

If the discount rate were changed to 30% or 40%, the fair value of the contingent earn-out would increase by \$164,824 or decrease by \$152,653 respectively. Management believes that reasonably possible changes to other unobservable inputs would not result in a significant change in the estimated fair value.

5. Prepaid and sundry assets

	September 30 2014	December 31 2013
Services and consulting prepayments and deposits	\$ 314,441	\$ 85,334
Insurance costs	263,161	28,909
Facilities costs	15,016	9,422
Other	8,750	18,696
	\$ 601,368	\$ 142,361

6. Promissory Notes

On May 15, 2013, the Company agreed to loan Overland Storage Inc. ("Overland") funds to support its working capital requirements. The loan bears interest at the Wall Street Journal published prime rate plus two percent per annum payable semi-annually in arrears on November 15 and May 15 of each year. The loan is secured by a Promissory Note, repayable on May 15, 2018, and a security agreement, dated May 15, 2014, providing subordinated collateral security over Overland's inventory and holdings of common shares of Sphere 3D. (see note 18 – Subsequent Events)

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

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7. Capital assets

Cost	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2012	\$ 509,684	\$ 6,463	\$ -	\$ 78,894	\$ 595,041
Additions	148,895	-	104,220	-	253,115
Disposals	-	-	-	-	-
Balance at December 31, 2013	\$ 658,579	\$ 6,463	\$ 104,220	\$ 78,894	\$ 848,156
Additions	453,500	32,046	15,096	5,534	506,176
Disposals	(4,056)	-	-	-	(4,056)
Balance at September 30, 2014	\$ 1,108,023	\$ 38,509	\$ 119,316	\$ 84,428	\$ 1,350,276
Accumulated Depreciation	Computer Hardware	Furniture and Fixtures	Marketing & Web Development	Leaseholds	Total
Balance at December 31, 2012	\$ 215,091	\$ 949	\$ -	\$ 20,874	\$ 236,914
Additions	183,977	1,293	21,075	15,778	222,123
Disposals	-	-	-	-	-
Balance at December 31, 2013	\$ 399,068	\$ 2,242	\$ 21,075	\$ 36,652	\$ 459,037
Additions	181,999	4,388	43,485	12,285	242,157
Disposals	(676)	-	-	-	(676)
Balance at September 30, 2014	\$ 580,391	\$ 6,630	\$ 64,560	\$ 48,937	\$ 700,518
Net book value as at December 31, 2013	\$ 259,511	\$ 4,221	\$ 83,145	\$ 42,242	\$ 389,119
Net book value as at September 30, 2014	\$ 527,632	\$ 31,879	\$ 54,756	\$ 35,491	\$ 649,758

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

8. Intangible assets**(i) Emulation and virtualization technology**

On December 31, 2010, the Company acquired all rights and assets related to the emulation and virtualization technology from Promotion Depot Inc., in a non-arms length transaction, in exchange for 1,000,000 shares of the Company's common stock. Since the fair value of the assets received are not readily determinable, the investment was valued based on the \$695,000 fair value of the shares received by Promotion Depot Inc.

As of July 2013, the Company met the requirements for the deferral of development costs, under IFRS, and has commenced capitalizing the development costs incurred during the period. The technology acquired and developed achieved the beginning of commercial level of sales during the quarter ended June 30, 2014. As such, amortization of this asset commenced effective April 1, 2014.

(ii) Virtual Desktop Implementation ("VDI") technology

On March 21, 2014, the Company closed an Asset Purchase Agreement to acquire the VDI technology, including patents, trademarks and certain other intellectual property of V3 Systems, Inc.

At closing, the Company paid a purchase price of \$11,829,505, in the form of USD\$4M in cash and 1,089,867 shares of common stock.

In addition, the Company shall pay an earn-out (the "Earn-Out"), based on achieving certain milestones in revenue and gross margin, related to the VDI technology, of up to a further U.S. \$5.0 million, payable at the discretion of Sphere 3D in cash or shares (up to a maximum of 1,051,414 common shares), to be priced at a 20-day weighted average price calculated at the time(s) the Earn-Out is realized. The Earn-Out is based on a sliding scale of revenue of the VDI technology (subject to minimum margin realization), subject to a maximum payment of U.S. \$5.0 million upon earn-out revenue of U.S. \$12.5 million. The Earn-Out was valued on a discounted cash flow basis using a discount rate of 35%.

The fair value of the consideration issued for the VDI technology is as follows:

Cash consideration paid	\$	4,472,446
Cash consideration owing – current holdback		223,880
1,089,867 common shares valued at \$6.545 per share		7,133,179
Fair value of Earn-Out		4,082,645
Total consideration		15,912,150
Cost of acquisition		145,502
Allocated to VDI technology	\$	16,057,652

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

8. Intangible assets (continued)**(iii) Patents**

During the year ended December 31, 2013, the Company filed 6 patents based on its technology, in addition to the 3 preliminary patents, filed on January 16, 2012, based on the technology acquired in the investment in technology.

Cost	Emulation and virtualization technology	VDI technology	Patents	Total
Balance at December 31, 2012	\$ 695,000	\$ -	\$ 25,000	\$ 720,000
Additions	885,250	-	67,571	952,821
Disposals	-	-	-	-
Balance at December 31, 2013	1,580,250	-	92,571	1,672,821
Additions	1,720,651	16,057,652	53,129	17,831,432
Disposals	-	-	-	-
Balance at September 30, 2014	\$ 3,300,901	\$ 16,057,652	\$ 145,700	\$ 19,504,253

Accumulated amortization	Emulation and virtualization technology	VDI technology	Patents	Total
Balance at December 31, 2012	\$ -	\$ -	\$ 1,250	\$ 1,250
Additions	-	-	3,492	3,492
Disposals	-	-	-	-
Balance at December 31, 2013	\$ -	\$ -	\$ 4,742	\$ 4,742
Additions	284,778	2,006,471	4,405	2,295,654
Disposals	-	-	-	-
Balance at September 30, 2014	\$ 284,778	\$ 2,006,471	\$ 9,147	\$ 2,300,396
Net book value as at December 31, 2013	\$ 1,580,250	\$ -	\$ 87,829	\$ 1,668,079
Net book value as at September 30, 2014	\$ 3,016,123	\$ 14,051,181	\$ 136,553	\$ 17,203,857

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars)

9. Trade and other payables

	September 30 2014	December 31 2013
Trade payables	\$ 1,184,230	\$ 161,337
Non-trade payables and accrued expenses		
Salaries and consulting	347,142	279,162
Legal and audit	335,721	37,783
Accrued warranty costs	226,016	-
Interest on debenture financing	110,667	-
Other	370,889	-
	\$ 2,574,665	\$ 478,282

10. Convertible debenture

On March 21, 2014, the Company issued a senior secured convertible debenture for USD\$5,000,000. Simple interest is payable, in cash or stock, at the Company's discretion, semi-annually at an annual rate of 8%. The note is convertible into common shares of the Company, at any time, at the option of the holders, at a conversion rate of USD\$7.50 per share.

The Company has the option, up to March 21, 2015, and upon ten days' notice, to repay the debenture at 120% of the outstanding principal and interest and the option, from March 21, 2015 to March 21, 2016, to repay the debenture at 125% of the outstanding principal and interest. In addition, the Company has the right to force the conversion of the debenture at any time that the weighted average price of the Company's common stock for ten consecutive days has exceeded USD\$11.25.

The note is secured by a general security interest in all of the assets of the Company. Any unconverted principal and accrued interest balance is payable at maturity, on March 21, 2018.

The debenture represents a hybrid instrument that needs to be bifurcated between its liability and derivative components. The derivative was calculated using the Black Scholes pricing model with the following inputs: (I) dividend yield of 0%; (II) expected volatility of 97%; (III) a risk free interest rate of 1.71% (IV) an expected life of 4 years; (V) an exercise price of \$8.40 for the call and an exercise price of \$12.60 for the put and (VI) a share price of \$7.05. The residual was allocated to the debenture host contract portion.

As at September 30, 2014, the derivative was revalued using the Black Scholes pricing model with the following inputs: (I) dividend yield of 0%; (II) expected volatility of 97%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3.5 years; (V) an exercise price of \$8.40 for the call and an exercise price of \$12.60 for the put and (VI) a share price of \$7.64 for a value of \$391,150. The change in value of \$65,631 has been recorded as an unrealized loss on derivative liability in the condensed consolidated statements of comprehensive loss.

Sphere 3D Corporation.

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(Expressed in Canadian Dollars)

10. Convertible debenture (continued)

The allocation of the liability and the derivative portion of the debenture as at September 30, 2014 are as follows:

	Debenture	Derivative	Total
Balance as at December 31, 2013	\$ -	\$ -	\$ -
Debenture proceeds	5,597,000	-	5,597,000
Derivative liability	(325,519)	325,519	-
Cumulative gain on derivative liability	-	65,631	65,631
Accretion of debenture host contract	39,362	-	39,362
Currency translation adjustment	4,174	-	4,174
Balance as at September 30, 2014	\$ 5,315,017	\$ 391,150	\$ 5,706,167

11. Share Capital**Authorized**

an unlimited number of common shares

Issued and outstanding

	Number of Shares	Value
Balance, December 31, 2012	16,114,339	\$ 5,409,488
Issued for cash (net of cash fees of \$441,178)	1,250,000	3,746,322
Less: Proceeds allocated to warrants		(775,000)
Brokers warrants		(85,000)
Issued on exercise of warrants	2,784,840	3,844,720
Less: Warrants issued on exercise of broker warrants		(703,000)
Issued on exercise of options	180,001	148,251
Issued for future services	769,231	500,000
Balance, December 31, 2013	21,098,411	\$ 12,085,781
Issuance of common shares on acquisition of intangible assets (note 8)	1,089,867	7,133,179
Issued on exercise of warrants	1,195,257	2,470,616
Issued on exercise of options	196,250	163,489
Issued on satisfaction of debenture interest	10,894	113,298
Issued for future services (note 15(2))	52,801	496,329
Balance, September 30, 2014	23,643,480	\$ 22,462,692

Sphere 3D Corporation.

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11. Share Capital (continued)**Escrowed shares**

With the completion of the Transaction and the Company's subsequent listing on the TSXV, certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share Escrow		Value Share Escrow		Total	
	Number	%	Number	%	Number	%
Balance at December 21, 2012	4,655,000	100	4,306,253	100	8,961,253	100
Released - December 27, 2012 ⁽¹⁾	232,750	5	430,625	10	663,375	7
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at December 31, 2013	3,724,000	80	2,583,754	60	6,307,754	70
Released - June 27, 2014	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at September 30, 2014	3,258,500	70	1,937,817	45	5,196,317	57
Future releases						
December 27, 2014	698,250	15	645,939	15	1,344,189	15
June 27, 2015	698,250	15	645,939	15	1,344,189	15
December 27, 2015	1,862,000	40	645,939	15	2,507,939	27
Total future releases	3,258,500	70	1,937,817	45	5,196,317	57

⁽¹⁾ Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release dates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

11. Share Capital (continued)

Stock Options

- i. On February 5, 2014, the directors of the Company approved the award of 50,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of \$212,493. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 102.39%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of \$6.54 and (VI) a share price of \$6.54. Expected volatility was based on the Company's historical stock price.
- ii. On April 18, 2014, the directors of the Company approved the award of 150,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of \$741,986. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 97.29%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of \$8.10 and (VI) a share price of \$8.10. Expected volatility was based on the Company's historical stock price.
- iii. On April 23, 2014, the directors of the Company approved the award of 25,000 options, which vest in 4 equal quarterly amounts, exercisable for 10 years, with a value of \$261,860. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 96.93%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of \$8.60 and (VI) a share price of \$8.60. Expected volatility was based on the Company's historical stock price.
- iv. On May 27, 2014, at the annual and special meeting of the shareholders of the Company, the shareholders ratified an amendment to the fixed stock option plan, authorizing the award of up to 4,650,000 shares, being approximately 20% of the common shares outstanding at the record date for the meeting.
- v. On June 20, 2014, the directors of the Company approved the award of 350,000 options, of which 50,000 vest immediately and 300,000 vest in quarterly amounts over a three year period, exercisable for 10 years, with a value of \$1,788,261. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 96.93%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of \$8.39 and (VI) a share price of \$8.39. Expected volatility was based on the Company's historical stock price.
- vi. On June 23, 2014, the directors of the Company approved the award of 160,000 options, which vest in quarterly amounts over a three year period, exercisable for 10 years, with a value of \$813,593. The fair value of the options issued was estimated at the date of grant using the Black-Scholes model with the following weighted average assumptions: (I) dividend yield of 0%; (II) expected volatility of 96.93%; (III) a risk free interest rate of 1.71% (IV) an expected life of 3 years; (V) an exercise price of \$8.35 and (VI) a share price of \$8.35. Expected volatility was based on the Company's historical stock price.

Sphere 3D Corporation.

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11. Share Capital (continued)**Stock Options (continued)**

As at September 30, 2014 the Company had 928,749 additional options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

	Weighted average exercise price	Number
Balance at December 31, 2012	\$ 0.83	1,015,000
Granted	1.24	2,295,001
Exercised	0.71	(180,001)
Expired	0.60	(320,000)
Outstanding at December 31, 2013	\$ 1.18	2,810,000
Granted	8.21	735,000
Exercised	0.35	(196,250)
Expired	2.68	(3,750)
Outstanding at September 30, 2014	\$ 2.75	3,345,000

The weighted average share price on the date of exercise was \$8.71 (December 31, 2013 -\$3.69) .

The following table provides further information on the outstanding options as at September 30, 2014:

Expiry Date	Number exercisable	Number outstanding	Weighted average exercise price	Weighted average years remaining
March 4, 2018	100,000	100,000	\$ 0.85	3.43
July 3, 2018	50,000	50,000	0.65	3.76
January 16, 2022	640,000	640,000	0.83	7.30
September 19, 2022	266,667	300,000	0.85	7.98
April 16, 2023	75,000	75,000	0.85	8.55
July 2, 2023	283,332	850,000	0.65	8.76
August 29, 2023	100,000	100,000	2.50	8.92
September 15, 2023	445,000	445,000	2.68	8.96
October 31, 2023	37,500	50,000	4.28	9.09
February 4, 2024	25,000	50,000	6.70	9.34
April 18, 2024	37,500	150,000	8.10	9.55
April 23, 2024	6,250	25,000	8.60	9.56
June 20, 2024	75,000	350,000	8.39	9.73
June 23, 2024	13,333	160,000	8.35	9.73
	2,154,582	3,345,000	\$ 2.75	8.41

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11. Share Capital (continued)**Warrants**

The Company had the following warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2012	4,262,442	\$ 0.98
Exercised –		
Broker Warrants	(152,528)	0.70
Investor Warrants	(1,980,462)	1.00
Broker Unit Warrants	(325,925)	0.85
Issued on exercise of Broker Unit Warrants	325,925	1.00
Exercise of warrants issued	(325,925)	1.00
Granted –		
Investor Warrants	625,000	4.50
Broker Unit Warrants	100,000	3.35
Outstanding at December 31, 2013	2,528,527	\$ 1.96
Exercised –		
Broker Unit Warrants	(100,000)	3.35
Investor Warrants	(1,095,257)	1.54
Granted –		
Investor Warrants	50,000	4.50
Outstanding at September 30, 2014	1,383,270	2.28

The weighted average share price on the dates of exercise was \$7.06 (December 31, 2013 - \$3.46).

Sphere 3D Corporation.

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12. Other Equity

	September 30, 2014	December 31, 2013
Other equity beginning of period	\$ 1,715,151	\$ 1,007,500
Issuance of special warrants net of costs ⁽¹⁾	9,072,526	-
Value of warrants issued	-	1,563,000
Stock based compensation	2,415,622	319,679
Value of warrants exercised	(443,733)	(1,154,528)
Value of options exercised	(30,389)	(20,500)
Other equity end of period	\$ 12,729,177	\$ 1,715,151

- (1) On June 5, 2014, the Company closed an underwritten financing for the sale of 1,176,500 Special Warrants of the Company at a price of \$8.50 per Special Warrant for gross proceeds of \$10,000,250.

Each Special Warrant, upon exercise or deemed exercise, will convert into one unit of the Company (a "Unit") with each Unit being comprised of one common share of the Company (a "Common Share") and one-half of a Common Share purchase warrant of the Company (a "Warrant"). There is no additional cost to exercise a Special Warrant. Each whole Warrant is exercisable at an exercise price of \$11.50 per share for a period of two years from the closing date. All securities are subject to a four-month hold period from the issuance date. The Company intended to file a short form prospectus (the "Final Prospectus") in each of the Provinces of British Columbia and Ontario (collectively, the "Offering Jurisdictions") qualifying the Units issuable upon exercise or deemed exercise of the Special Warrants by July 31, 2014, failing which the holder would be entitled to receive 1.05 Units upon exercise or deemed exercise of the Special Warrants. The Company was informed by the Ontario Security Commission ("OSC") that, due to the fact that (i) the short form prospectus, issued in connection to the Special Warrants, is the first prospectus filing by the Company post-Qualifying Transaction, and (ii) the materiality of the transaction with Overland, the OSC has taken the position that it will be reviewed under the long-form prospectus timing guidelines, as such, the Company was unable to file the final Prospectus by July 31, 2014, meaning that the Special Warrants will be convertible to 1.05 units per Special Warrant upon the filing of the final Prospectus. Any unexercised Special Warrants will be deemed to be automatically exercised on the earlier of: (i) the third business day following the day on which a final receipt is issued in the Offering Jurisdictions for the Final Prospectus qualifying the distribution of the Units; and (ii) October 6, 2014 (see note 18 – Subsequent Events).

The Company incurred fees and commissions to September 30, 2014 in the amount of \$927,724 related to this financing.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

13. Finance expenses

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Interest income	\$ (94,485)	\$ -	\$ (122,635)	\$ (1,685)
Interest expense	126,050	655	272,450	1,993
Foreign exchange gain	(35,741)	-	(153,015)	-
Unrealized (gain) / loss on derivative liability	(98,513)	-	65,631	-
Investment holding loss	70,906	26,350	56,924	26,350
	\$ (31,783)	\$ 27,005	\$ 119,355	\$ 26,658

14. Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

	September 30 2014	September 30 2013
Salaries, management fees and benefits	\$ 403,750	\$ 440,000
Share-based payments - management	207,314	38,365
Share-based payments - directors	214,871	81,656
	\$ 825,935	\$ 560,021

Legal services of \$365,200 (2013 - \$74,076) were provided by a legal firm affiliated with a director of the Company. Professional services of \$25,000 (2013 - \$NIL) were provided by a company controlled by a director of the Company.

Amounts owing to a legal firm affiliated with a director of the Company and officers and directors of the Company at period end included in trade and other payables total \$211,439 (2013 - \$13,265).

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

15. Commitment and Contingencies

1) Merger Agreement

On May 15, 2014, the Company entered into a definitive merger agreement (the “Merger Agreement”) with Overland, pursuant to which Overland and a wholly-owned subsidiary of Sphere 3D would combine (the “Transaction”). After completion of the Transaction, it is expected that current holders of Overland securities will own approximately 28.8% of Sphere 3D, on a fully diluted basis, as a result of their exchange of securities in the Transaction.

Under the terms of the Merger Agreement, the Company will issue a total of 9,443,882 common shares (“Common Shares”) on closing, subject to adjustment, for all of the outstanding share capital of Overland (“Overland Shares”) on the basis of one Overland Share for 0.510594 Common Shares of Sphere 3D (the “Exchange Ratio”) (see note 18 – Subsequent Events). In addition, Sphere 3D will issue up to 1,467,906 warrants, 143,325 options and 505,321 restricted share units, or equivalents, in exchange for the outstanding convertible securities of Overland at the closing date, calculated on the basis of the Exchange Ratio. All issued and outstanding stock appreciation rights of Overland will terminate on closing. The average exercise price of the options and warrants are US\$22.62 and US\$17.28, respectively. At current pricing, the Company believes it is unlikely that any of these options and warrants will be exercised.

On May 14, 2014, the last trading day prior to the announcement of the transaction, the closing price of the Overland Shares, on the NASDAQ, was US\$2.90 and the closing price of the Common Shares of Sphere 3D, on the TSX Venture Exchange (the “TSXV”), was C\$9.46 (or US\$8.68). Based on the closing price of the Common Shares of Sphere 3D on May 14, 2014, the total consideration payable to holders of Overland shareholders has an implied value of approximately US\$81.97 million or approximately US\$4.43 per Overland Share.

2) Supplier Agreement

On July 15, 2013, the Company entered into a supplier agreement with Overland Storage, Inc., under which the Company has agreed to pay for up to \$1.5 million of cloud infrastructure equipment purchases from Overland in the form of common shares in the capital of the Company (the “Common Shares”) as follows: (i) 769,231 Common Shares at a fair value of \$0.65 per share, having a value of \$500,000 were issued on Closing; and (ii) 52,801 Common Shares, at a fair value of \$10.11 per share based on the 10 trading day average of the closing price per share of Common Shares ending 3 trading days prior to the anniversary date of the Supplier Agreement, having a value of \$500,000 US were issued on the second anniversary date of the Supplier Agreement and; (iii) that number of Common Shares equal to \$500,000 divided by the 10 trading day average of the closing price per share of Common Shares ending 3 trading days prior to each of the second year anniversary date of the Supply Agreement, to a maximum of 769,231 Common Shares having a value of \$500,000. Such Sphere 3D shares are subject to a four months and one day hold period from the date of issuance in accordance with applicable Canadian securities laws.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

15. Commitment and Contingencies (continued)

3) Operating Lease

The Company entered into a five year lease, for a 6,000 square foot, free standing building, on May 1, 2011. In addition to the minimum lease payments, the Company is required to pay operating costs estimated at \$27,000 per year. The minimum lease payments for the Company's facility in Mississauga, are as follows:

2014	\$	14,500
2015		59,500
2016		20,000

4) Legal Matters

The Company has been named as a defendant in actions that arose as a result of the announcement of the agreement to merge with Overland Storage, Inc. With respect to these matters, based on the management's current knowledge, the Company believes that the amount or range of reasonable possible loss, if any, will not, either individually or in the aggregate, have a material adverse effect on the Company's business, consolidated financial position, results of operations or cash flows. (see note 18 – Subsequent Events)

16. Capital Risk Management

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended September 30, 2014 and year ended December 31, 2013.

17. Financial Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk

(i) Currency risk:

The Company is still in its pre-commercialization phase and as such has limited exposure to foreign exchange risk. Foreign exchange risk arises from purchase transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

17. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The convertible debenture is at a fixed rate. The Company's cash and cash equivalents and investments earn interest at market rates.

The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest do not have a significant impact on the Company's results of operations as interest expense represents approximately 0.1% (2012 – 0.7%) of total expenses. A 1.0% change in interest rates would not have a significant impact on the interest income.

(b) Credit risk

The Company is subject to risk of non-payment of amounts receivable. The Company mitigates this risk by monitoring the credit worthiness of its customers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at September 30, 2014, the Company has trade and other payables of \$2,287,692 (December 31, 2013 - \$478,282) due within 12 months and has cash and cash equivalents of \$2,988,219 (December 31, 2013 - \$5,550,788) to meet its current obligations.

Sphere 3D Corporation.

Notes to the Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Expressed in Canadian Dollars)

18. Subsequent Events

- a)** On October 6, 2014 the Company issued 1,235,325 common shares of the Company and 617,663 common share purchase warrants of the Company upon exercise of 1,176,500 special warrants. Each common share purchase warrant is exercisable at an exercise price of \$11.50 per share for a period of two years from June 5, 2014.
- b)** On October 14, 2014, the Company and Overland executed an amendment to the Agreement and Plan of Merger Agreement dated May 15, 2014 (the "Merger Agreement") to reduce the exchange ratio from 0.510594 common shares of the Company for each share of Overland common stock to 0.46385 common shares of the Company for each share of Overland common stock.
- c)** On October 17, 2014 the Company received a partial repayment of the Promissory Note in the amount of US \$2.5 Million. Under the terms of the repayment, the Company has committed to convert an equivalent amount of the Overland debt into common shares of the Company immediately following closing of the Merger Agreement. The debt will be converted into 333,333 shares of common stock of the Company, at a price of \$7.50 US.
- d)** Overland has entered into a Memorandum of Understanding with the Plaintiffs in the consolidated class action cases, referred to as "In re Overland Storage Inc., Shareholders Litigation" in the Company's registration statement filed with the Securities Exchange Commission on form F-4/A, that would, subject to court approval and other standard conditions, provide for the settlement of all outstanding claims in regard to Overland's proposed merger transaction with the Company.
- e)** On November 28, 2014, the Shareholders of Overland Storage, Inc. voted in favor of the Merger Agreement and, as such, the Company expects that the transaction will be closed in the first week of December.

MANAGEMENT DISCUSSION & ANALYSIS

Ontario Securities Commission FORM 51-102F1

ISSUER DETAILS

FOR QUARTER ENDED	September 30, 2014
DATE OF REPORT	December 1, 2014
NAME OF ISSUER	Sphere 3D Corporation
ISSUER ADDRESS	240 Matheson Blvd. East Mississauga, ON L4Z 1X1
ISSUER TELEPHONE NUMBER	(416) 749-5999
CONTACT PERSON	Peter Tassiopoulos
CONTACT POSITION	CEO
CONTACT TELEPHONE NUMBER	(416) 749-5999
CONTACT EMAIL ADDRESS	peter.tassiopoulos@sphere3d.com
WEB SITE ADDRESS	www.sphere3d.com

SPHERE 3D CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014**

Sphere 3D Corporation is a virtualization technology solution provider. Sphere 3D's Glassware 2.0™ platform delivers virtualization of many of the most demanding applications in the marketplace today; making it easy to move applications from a physical PC or workstation to a virtual environment either on premise and/or from the cloud. Sphere 3D's V3 Systems division supplies the industry's first purpose built appliance for virtualization as well as the Desktop Cloud Orchestrator management software for Converged Infrastructure.

This Management's Discussion and Analysis includes the financial results of the Company, its wholly-owned subsidiaries, V3 Systems Holding, Inc., which was incorporated in the State of Delaware on January 14, 2014, S3D Acquisition Company, which was incorporated in the State of California on May 14, 2014, Sphere 3D Inc., which was incorporated under the *Canada Business Corporation Act* on October 20, 2009, and its wholly owned subsidiary, Frostcat Technologies Inc., which was incorporated under the *Business Corporations Act (Ontario)* on February 13, 2012.

The Company was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 and is listed on the TSXV and the NASDAQ Global Market, under the trading symbol "ANY". The Company has its main and registered office at 240 Matheson Blvd. East, Mississauga, Ontario, L4Z 1X1.

ADVISORY

This Management's Discussion and Analysis ("MD&A") comments on the financial condition and operations of Sphere 3D Corporation ("Sphere 3D" or the "Company"), for the three and nine months ended September 30, 2014 and updates our MD&A for fiscal 2013. The information contained herein should be read in conjunction with the Consolidated Financial Statements and Auditor's Report for fiscal 2013 and the unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2014.

The Company prepares its condensed consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has reported on this basis in these condensed consolidated financial statements. All financial information contained in this MD&A and in the unaudited condensed consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The quarterly unaudited consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and approved by its Board of Directors on November 28, 2014.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements, without limitation, may contain the words believes, expects, anticipates, estimates, intends, plans, or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and Sphere 3D's actual results could differ materially from those anticipated. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. In the context of any forward-looking information please refer to risk factors detailed herein, as well as other information contained in the company's filings with Canadian securities regulators (www.sedar.com).

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.sphere3d.com.

GENERAL DEVELOPMENT OF THE BUSINESS

Sphere 3D is a technology company that delivers an application virtualization platform aimed at extending the life of software indefinitely. The Company's technology enhances the user experience of both legacy and current applications and empowers users to gain access to these applications from devices of their choosing.

Over the last five years, Sphere 3D has designed a proprietary platform, namely Glassware 2.0™, for the delivery of applications from a server-based computing architecture.

Through the creation of Glassware 2.0, software is made available from a central location irrespective of the device that is accessing the software. Legacy software can be run using Glassware 2.0 even if the operating system and the machine upon which it is run on is no longer sold or supported. Software publishers who invest millions of dollars to write software code can be assured that their software can be utilized for as long as it is required. With Glassware 2.0, new software released by publishers will be driven by new feature sets rather than the next release of the original OS upon which the software was written.

The Company has taken a unique approach in that it has built its technology platform without the use of a hypervisor and instead has designed its own microvisor. This required the Company to design Glassware 2.0 without resorting to layers of OS programming code. With the removal of the OS, Glassware 2.0 did not connect to hardware so additional code was written to access that hardware directly. Glassware 2.0 has a series of different emulators within its design so that any device can access a wide array of applications that sit on top of Glassware 2.0. This process is fundamentally different from other software that approximates the feature sets which management believes results in a quantum leap in functionality and a significant decrease in cost.

One of the additional benefits of this approach is the ability to deliver multiple application sessions on either a single server or through clusters of servers without the requirement to deliver complete VDI. Through Glassware 2.0™, the process for "porting" and "publishing" applications is streamlined to the point that it is practically automated, requiring very little administration input.

The Company's technology eliminates the complexity associated with planning, implementation, licensing and support of virtualization and Cloud migration while expanding the ecosystem of applications available to users. Additionally, Glassware 2.0™ architecture and unique "application only" virtualization, coupled with complementary VDI technology of V3 Systems (as described below), enables the Company and its partners to deliver flexibility within the industry and a wide array of deployment options.

Since inception, the Company has invested the majority of its capital in the design, development and testing of its technology, with the majority of employees and financial resources allocated to such functions. In 2013, the Company started to transition its focus from entirely a research and design organization to a commercial enterprise, through an increased investment in sales and marketing resources. In 2014 the company successfully started to generate revenue from the sale of its products.

New Product Introductions

The third quarter has further increased the Company's product and solutions offerings with:

- the launch of Sphere 3D's "V3" Hyper-Converged solution within Overland's data management and protection product lines to address the Converged Infrastructure solutions market;
- The introduction of a Glassware 2.0 solution to power Chromebooks and other end points within the education market;
- the beta launch of the 2.5 update to Sphere 3D's Desktop Cloud Orchestrator™ (DCO) software. DCO v2.5 brings a new level of Optimized Desktop Allocation to the table, allowing virtual desktops to intelligently access additional resources, including 3D GPU or allocations of CPU and RAM. Based on policy, DCO v2.5 provides migratory access to virtual desktops which provide enhanced resources on a temporary basis and on demand.

Continued Innovation

Sphere 3D continues on its quest to redefine the boundaries of hardware through its "software defined everything" approach to computing. DLA Piper, on behalf of the Company, filed a provisional patent for the first microvisor runtime environment available on a chip. The latest IP creation is a culmination of years of miniaturization work with the intent of making Glassware 2.0 completely portable and available offline.

Glassware 2.0 has seen its architecture streamlined and gain efficiency continuously since the first iteration that required 8 individual hardware servers in 2010, to its current production state of availability on a single appliance.

The most recent progress of the Glassware 2.0 single chip architecture allowed Sphere 3D to showcase Glassware 2.0 *server* technology running on a single laptop for attendees at BriForum in London England, and Boston, as well as at VM World in San Francisco.

Corporate Highlights

Merger Agreement with Overland

On May 16th, 2014, the Company announced that it had entered into a definitive agreement to acquire Overland Storage, Inc. (NASDAQ:OVRL). Overland is a trusted global provider of unified data management and data protection solutions designed to enable small and medium enterprises, distributed enterprises, and small and medium businesses to anticipate and respond to data storage requirements.

Overland provides an integrated range of technologies and services for primary, nearline, offline, and archival data storage, and makes it easy and cost effective to manage different tiers of information over time, whether distributed data is across the hall or across the globe.

Overland SnapServer, RDX removable disk-based technology, SnapScale, SnapServer, SnapSAN, NEO Series and REO Series solutions are available through a channel of over 17,000 resellers, multiple distributors and OEMs in over 70 countries.

On November 28th, 2014, over 99% of Overland Shareholders, who voted at a special meeting of shareholders held in San Jose California, approved the merger with Sphere 3D. It is anticipated the transaction will close the first week of December 2014.

Filing of SEC Form 40-F and F-4

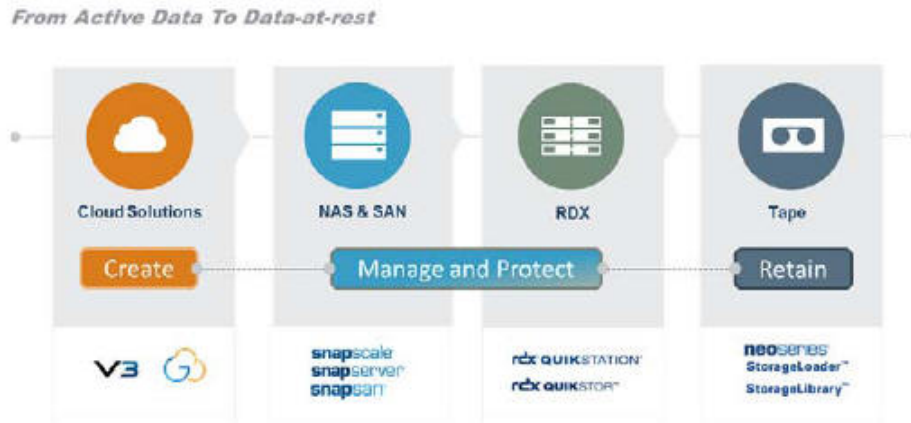
On June 27, 2014, Sphere 3D announced that it has filed with the SEC a registration statement on Form 40-F to register the Common Shares under Section 12 of the U.S. *Securities and Exchange Act of 1934*, as amended. The Form 40-F entitles eligible Canadian issuers to register securities with the SEC pursuant to Section 12 of the U.S. *Securities Exchange Act of 1934*.

On July 23, 2014, Sphere 3D filed a registration statement, on form F-4, which serves as the proxy statement/prospectus for the acquisition of Overland Storage Inc. On November 7, 2014, the SEC issued its notice of effectiveness for the registration statement, as amended.

Future Developments

Sphere 3D intends to continue to build its organization with a focus on revenue generation, marketing and a continuation of its aggressive technology innovation cycle.

Upon completion of the merger with Overland Storage, the Company will have completed the assembly of an end to end technology stack for business of all sizes:



To support its marketing strategy, Sphere 3D intends to continue to increase its service delivery capacity within the scalable model it has already established, and add selective technology functionality to its platform to enhance specific vertical and/or client offerings.

With the announcement of the Merger Agreement, Sphere 3D and Overland have accelerated their efforts to develop an integrated application virtualization and data storage platform, as well as Converged Infrastructure solutions. It is expected that the combined businesses will accelerate Sphere 3D's go to market strategy and allow it to leverage Overland's robust third party reseller and OEM distribution model.

DESCRIPTION OF THE BUSINESS

All of the Company's product development, sales, and marketing operations were conducted from its offices in Mississauga, Ontario, Canada, and since the first quarter of 2014, from various sales offices in the United States.

Market Overview

The market for the Company's products and services has experienced strong demand and management anticipates that such demand will continue for the foreseeable future.

According to IHS Technology, enterprise businesses moving their IT services, applications and infrastructure to cloud-based architecture will cause market revenue in this segment to surge by a factor of three from 2011 to 2017.¹

¹ IHS: Cloud- Related Spending by Businesses to Triple from 2011 to 2017 – February 4, 2014.

IHS reports “Global business spending for infrastructure and services related to the cloud will reach an estimated \$174.2 billion (in 2014), up a hefty 20 percent from \$145.2 billion in 2013. By 2017, enterprise spending on the cloud will amount to a projected \$235.1 billion, triple the \$78.2 billion in 2011.

Within the Cloud market, IDC is predicting that the cloud software market will surpass \$75 billion by 2017 attaining a five year compound annual growth rate of 22% in the forecast period² and according to Gartner, SaaS and cloud-based business application services revenue will grow from \$13.5 billion in 2011 to \$32.8 billion in 2016, at a compound annual growth rate of 19.5%.³

Wikibon’s research projects rapid market growth for Converged Infrastructure, expecting the total available market to reach \$402 billion by 2017 of which \$217 billion is comprised of Server, Storage, Networking and Infrastructure Software.

Additional research from IDC anticipates the overall spending on converged systems in the data center to grow at a compound annual growth rate (CAGR) of 54.7 percent, from \$2.0 billion in 2011 to \$17.8 billion in 2016 and that converged infrastructure will account for 12.8 percent of total storage, server, networking and software spending by 2016, up from only 3.9 percent in 2012.

Over the next 12 months, two additional significant trends are expected to benefit the Company: (i) within the next 12 months more than 50% of enterprises will prioritize building private internal Clouds (currently, the common approach that companies are using is by purchasing commercial software),⁴ and (ii) Cloud applications will account for 90% of total mobile data traffic by 2018 while Mobile cloud traffic will grow 12-fold from 2013 to 2018, attaining a compound annual growth rate of 64%.⁵

Sales and Marketing

The Company intends to focus the majority of sales efforts through an indirect sales channel in order to achieve the greatest possible impact with the least possible start-up costs. This indirect channel includes licensees, resellers, ISVs, OEMs and systems integrators. The Company has access through Overland to a global base of distributors, resellers, ISVs and OEMs.

The Company’s software is delivered through both a SaaS model, with maintenance to end-user customers included and under a perpetual license; if software is sold as a perpetual license, the Company will require end-user customers to purchase maintenance contracts when they purchase software.

In establishing prices for the Company’s products, the Company considers the value of the products and solutions in comparison to other industry virtualization and hardware solutions and strives to deliver the lowest total cost of ownership where possible.

Competitive Conditions

Management believes that many of Sphere 3D’s proprietary technologies have designs and architectures that are unique and innovative. While some of our competitors appear to have similar product offerings, management believes that Sphere 3D’s products represent a significant advance in terms of functionality and usability.

² IDC infographic sponsored by Cisco.

³ Gartner Forecast Analysis: Enterprise Application Software, Worldwide, 2011-2016, 4Q12 Update, January 2013.

⁴ The Forrester Wave™: Private Cloud Solutions, Q4 2013 by Lauren E. Nelson, November 25, 2013.

⁵ Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2013–2018. Source: FORBES, Roundup of Cloud Computing Forecasts And Market Estimates, 2014.

Proprietary Protection

Sphere 3D has designed and maintains its virtualization platform, converged infrastructure technology, and related software. The Company will be relying on a combination of patents, trademarks, trade secret and copyright laws, as well as contractual restrictions, to protect the proprietary aspects of its products and services. Although every effort is made to protect Sphere 3D's intellectual property, these legal protections may only afford limited protection. Sphere 3D intends to continue to selectively pursue patenting of further technology developed in the future.

Sphere 3D may continue to file for patents regarding aspects of its platform, services and delivery method at a later date depending on the costs and timing associated with such filings. The Company may make investments to further strengthen its copyright protection going forward, although no assurances can be given that it will be successful in such patent and trademark protection endeavours. Sphere 3D seeks to limit disclosure of its intellectual property by requiring employees, consultants, and partners with access to its proprietary platform and information to execute confidentiality agreements and non-competition agreements and by restricting access to Sphere 3D proprietary information. Due to rapid technological change, Sphere 3D believes that factors such as the expertise and technological and creative skills of our personnel, new services and enhancements to our existing services are more important to establish and maintain an industry and technology advantage than other available legal protections.

Despite Sphere 3D's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of its services or to obtain and use information that Sphere 3D regards as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States or Canada. Litigation may be necessary in the future to enforce Sphere 3D's intellectual property rights, to protect Sphere 3D's trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on Sphere 3D's business, operating results and financial condition. There can be no assurance that Sphere 3D's means of protecting its proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by Sphere 3D to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

SEGEMENTED INFORMATION

The Company's product development, sales, and marketing operations are conducted from its offices in North America. The Company's operations focus on one market segment, Cloud Computing and Virtualization, including the development, and sale of Sphere 3D's "Glassware 2.0™" virtualization platform, the V3 Desktop Cloud Orchestrator™ management software and Hyper-Converged Infrastructure.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS
Periods Ended September 30, 2014 and 2013
Adjusted EBITDA

The following table reconciles Adjusted EBITDA to Net profit (loss). This information is taken from and should be read in conjunction with Sphere 3D's financial statements and related notes:

In thousands (except per share)	Three Months ended September 30,		Nine Months ended September 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Revenue	\$ 1,616	\$ -	\$ 4,372	\$ -
Cost of Sales	873	-	2,147	-
Gross Margin	743	-	2,225	-
Gross margin percent	46.0%	-	50.9%	-
Net comprehensive loss for the period	(3,753)	(469)	(7,150)	(1,678)
Loss per share	\$ (0.16)	\$ (0.03)	\$ (0.31)	\$ (0.10)
Add back				
Stock based compensation	869	54	2,053	101
Amortization of intangibles	1,147	1	2,296	3
Amortization of property and equipment	77	50	241	146
Financial expenses	(32)	27	119	27
Merger agreement costs	579	-	935	-
Total	2,640	132	5,644	277
Adjusted EBIDA	\$ (1,113)	\$ (337)	\$ (1,506)	\$ (1,401)

Adjusted EBITDA

The term Adjusted EBITDA refers to Profit before deducting share-based payment expense, finance expense, foreign exchange gain (loss), non-cash loss (gain) on fair market value of financial instruments, depreciation and income taxes. We believe that Adjusted EBITDA provides useful supplemental information as an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration share-based payment expense and the other items listed above. Accordingly, we believe that these measures may also be useful to investors in enhancing their understanding of the Company's operating performance.

AS AT
(in thousands)

	September 30 2014 (unaudited)	December 31 2013 (audited)
Current assets	\$ 7,841	\$ 6,839
Non-current assets	26,859	2,057
Total assets	\$ 34,700	\$ 8,896
Current liabilities	\$ 6,840	\$ 983
Non-current liabilities	5,706	-
Total liabilities	\$ 12,546	\$ 983
Total equity	\$ 22,154	\$ 7,913

Sphere 3D has not declared any dividends since its incorporation. Sphere 3D does not anticipate paying cash dividends in the foreseeable future on its Sphere 3D Shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of Sphere 3D and will depend upon Sphere 3D's financial condition, results of operations, capital requirements and such other factors as the board of directors of Sphere 3D deems relevant.

Results of Operations (in thousands except per share information)

Revenue

The Company generates and analyzes sales from the following segments:

1. **Hardware and Software Products.** A suite of emulation products, which includes Sphere 3D's Glassware 2.0™ application virtualization platform products and its VDI appliances, including software that powers the Sphere 3D hardware and enables network operators to remotely control and monitor the appliances in their network. The Company also provides hardware and software from other companies (3rd Party Products) when required to complete an end-to-end network solution.
2. **License fees –** License fees include the charges for the right to use both Sphere 3D and 3rd Party Software products, as well as exclusivity and special use licenses.
3. **Professional Services & Maintenance and Support.** Professional services and support typically include installation, project management and training, as well as basic and extended warranty and online support. These services can be provided by Sphere 3D or by third party companies who work for Sphere 3D. Support

With first sales of the Company's Glassware 2.0 technology, V3 appliances and DCO software in the first quarter of 2014, the Company has moved from a development stage enterprise into full commercialization. This has provided revenue from hardware, software, licensing and service and support.

Revenue by Segment

The proportion of the total revenue attributable to each segment is outlined in the following table:

<i>In thousands</i>	Three Months ended September 30,		Nine Months ended September 30,	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
Hardware and Software	\$ 1,409	\$ -	\$ 3,345	\$ -
License fees	27	-	592	-
Service and Support	180	-	435	-
Total	\$ 1,616	\$ -	\$ 4,372	\$ -

Hardware and Software revenue in the quarter increased by 7.1% over the second quarter of 2014, while total revenue declined due to seasonality, a decline in license fees associated with the Overland Storage initial license fees and the launch of the V3 line of Converged Infrastructure through Overland in the first half of the quarter. Upon completion of the merger agreement with Overland Storage, the Company will be able to recognize 100% of the revenue derived through Overland on the sale of Hardware, Software and Services and Support from the V3 product line.

The Company anticipates a continued growth in revenue as the Company continues its inroads in the Health, Education and Government sectors and broadens its product offering.

Cost of Goods Sold

Cost of goods sold for the three and nine months ended September 30, 2014 were \$873 and \$2,148, respectively, providing a gross margin of 46% and 51% respectively. Management expects that gross margins will fluctuate as it continues to introduce its products in various markets and takes an aggressive approach to pricing as part of its short term growth strategy.

Expenses

Salaries and consulting for the three and nine months ended September 30, 2014 were \$889 and \$1,967 respectively, compared to \$146 and \$886, respectively, for the three and nine months ended September 30, 2013. The increase in expenses, was the result of the Company expanding its sales, marketing and support staff throughout fiscal 2013 and early 2014. The Company expects to add additional staff in sales, marketing and research & development during the remainder of fiscal 2014.

Stock based compensation for the three and nine months ended September 30, 2014 were \$869 and 2,053 respectively, compared to \$54 and \$101, respectively, for the three and nine months ended September 30, 2013. The increase in expenses, was the result of the Company issuing stock options as part of its ongoing hiring and staff retention processes. Charges for Stock based compensation are based on Black Scholes calculations, which result in higher expenses as the market price and the exercise price on the option awards increase.

General and administrative expenses were \$966 and \$1,764, respectively, for the three and nine months ended September 30, 2014 compared to \$191 and \$515, respectively, for the three and nine months ended September 30, 2013. General and administrative expenses increased significantly in the third quarter of 2014 as the Company accelerated its roll-out of new products and added a sales and support office in the United States.

Amortization of intangibles was \$1,147 and \$2,296, respectively, for the three and nine months ended September 30, 2014 compared to \$1 and \$3 for the three and nine months ended September 30, 2013. Amortization of the acquired and developed technology commenced in the second quarter of 2014 and will continue through the expected useful life.

Amortization of property and equipment for the three and nine months ended September 30, 2014 were \$77 and \$241 respectively, compared to \$50 and \$146 for the three and nine months ended September 30, 2013. The Company expects to continue growing its capital asset base resulting in continued growth in amortization.

Financing (income)/expenses were \$(32) and \$119, respectively, for the three and nine months ended September 30, 2014 compared to \$27 and \$27 for the three and nine months ended September 30, 2013. Financing expenses included both realized and unrealized foreign exchange and holding gains along with interest costs and derivative liability costs related to the debenture financing entered into by the Company on March 21, 2014.

Merger agreement costs for the three and nine months ended September 30, 2014 were \$579 and \$935 respectively, compared to \$Nil for the three and nine months ended September 30, 2013. The costs related to the announced plan of merger between a wholly owned subsidiary of the Company and Overland Storage, Inc. and include legal, accounting and other costs that are expensed as incurred under IFRS requirements.

The net comprehensive loss for the three and nine months ended September 30, 2014 was \$3,753 or \$0.16 per share and \$7,150 or \$0.31 per share, respectively, compared with a net comprehensive loss in the three and nine months ended September 30, 2013 of \$469 or \$0.03 per share and \$1,678 or \$0.10 per share, respectively. The increases in losses were mainly driven by non-cash or non-operating expenses incurred over the quarter. The Company expects to continue to have significant non-cash expenses going forward as it recognizes the value of the acquired and developed technology.

Financial Position

Sphere 3D's cash position decreased during the nine months ended September 30, 2014 by \$2,563 compared to a decrease of \$239 for the nine months ended September 30, 2013.

Operating activities required cash of \$4,229, after adjustments for non-cash items and changes in other working capital balances, compared to \$1,178 during the nine months ended September 30, 2013. The increase in use was mainly related to an increase in net working capital assets as revenue increased.

Investing activities required cash of \$15,163 during the nine months ended September 30, 2014 compared to \$422 for the nine months ended September 30, 2013. The increase related to the acquisition and development of technology and intangible assets, the acquisition of property and equipment to support Sphere 3D's ongoing development work and loans made to support Overland's working capital requirements as the merger arrangement is completed. .

Financing activities generated \$16,830 during the nine months ended September 30, 2014 compared to \$1362 for the nine months ended September 30, 2013. Financing activities included the sale of special warrants in June 2014, which converted to 1,235,325 shares of common stock and 617,663 common share purchase warrants on October 6, 2014, the closing of the 4 year 8% debenture financing on March 21, 2014 and the ongoing exercise of options and warrants. The Company expects that it will continue to receive cash from warrant exercises through the remainder of the year.

Liquidity and Capital Resources

At September 30, 2014 and December 31, 2013, Sphere 3D had the following:

	September 30, 2014 \$	December 31, 2014 \$
Cash	2,988	5,551
Working Capital:		
Current assets	7,841	6,839
Current liabilities	(6,840)	(983)
Contingent earn-out ⁽¹⁾	4,085	-
Adjusted working capital	5,086	5,856

⁽¹⁾ The Contingent earn-out is payable in cash or shares at the discretion of the Company.

On October 17, 2014, the Company received a \$2.5 million USD cash repayment of Promissory Notes outstanding from Overland Storage, Inc.

SUMMARY OF OUTSTANDING SHARES AND DILUTIVE INSTRUMENTS

The authorized capital of the Company consists of an unlimited number of common shares, of which 25,104,585 common shares were issued and outstanding as of the date of this MD&A.

Certain common shares of the Company are subject to escrow in accordance with TSXV policies. There are two separate escrow agreements in place which are subject to different rates of release. The following table summarizes the common shares that were issued by the Company and are subject to and held under each escrow and the dates of release therefrom:

	Surplus Share		Value Share		Total	
	Escrow Number	%	Escrow Number	%	Number	%
Balance at December 21, 2012	4,655,000	100	4,306,253	100	8,961,253	100
Released - December 27, 2012 ⁽¹⁾	232,750	5	430,625	10	663,375	7
Released - June 27, 2013	232,750	5	645,937	15	878,687	10
Released - December 27, 2013	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at December 31, 2013	3,724,000	80	2,583,754	60	6,307,754	70
Released - June 27, 2014	465,500	10	645,937	15	1,111,437	13
Total subject to escrow at September 30, 2014	3,258,500	70	1,937,817	45	5,196,317	57
Future releases						
December 27, 2014	698,250	15	645,939	15	1,344,189	15
June 27, 2015	698,250	15	645,939	15	1,344,189	15
December 27, 2015	1,862,000	40	645,939	15	2,507,939	27
Total future releases	3,258,500	70	1,937,817	45	5,196,317	57

⁽¹⁾ Date of issuance of TSXV exchange bulletin announcing the commencement of trading of the Company's stock.

Escrowed shares are subject to release every six months from the date of the exchange bulletin, at the rate shown. Release rates can change if the Company were to move to the TSX Tier 1 Exchange. As well, if the operations or development of the Intellectual Property or the business are discontinued then the unreleased securities held in the QT Escrow will be cancelled.

The Company has warrants outstanding to purchase up to an aggregate of 1,825,155 common shares, at an average exercise price of \$5.47.

The stock option plan (the "Option Plan") of the Company is administered by the Board of Directors, which is responsible for establishing the exercise price (at not less than the Discounted Market Price as defined in the policies of the TSX Venture Exchange) and the vesting and expiry provisions. The maximum number of common shares reserved for issuance for options that may be granted under the Option Plan is 20% of the number of common shares outstanding at the time of the record date for the last shareholders' meeting, or 4,625,000 Options. As of the date of this MD&A, Options granted under the Option Plan to purchase up to an aggregate of 3,295,000 common shares are issued and outstanding.

Assuming that all of the outstanding options and warrants are exercised, 30,224,740 common shares would be issued and outstanding on a fully diluted basis. In addition, upon closing of the Overland acquisition, the Company will be issuing 8,579,310 shares of common stock to existing Overland shareholders and warrants, stock options, RSU equivalents which could convert to an additional 1,922,785 shares of common stock.

Related Party Transactions

Related parties of the Company include the Company's key management personnel and independent directors.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise).

The compensation paid or payable to key management personnel is shown below:

	September 30 2014	September 30 2013
Salaries, management fees and benefits	\$ 403,750	\$ 440,000
Share-based payments - management	207,314	38,365
Share-based payments - directors	214,871	81,656
	<u>\$ 825,935</u>	<u>\$ 560,021</u>

Legal services of \$365,200 (2013 - \$74,076) were provided by a legal firm affiliated with a director of the Company. Professional services of \$25,000 (2013 - \$Nil) were provided by a company controlled by a director of the Company

Amounts owing to a legal firm affiliated with a director of the Company and officers and directors of the Company at period end included in trade and other payables total \$211,439 (2013 - \$13,265)

Quarterly Information

Quarterly Information (in thousands, except loss per share)

	Sep 2014	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
Revenue	\$ 1,616	\$ 1,751	\$ 1,005	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	873	841	433					
Gross margin	743	910	572	-	-	-	-	-
Expenses	4,496	3,923	956	700	469	564	645	1,055
Net comprehensive loss	\$ (3,753)	\$ (3,013)	\$ (384)	\$ (700)	\$ (469)	\$ (564)	\$ (645)	\$ (1,055)
Loss per share	\$ (0.16)	\$ (0.13)	\$ (0.02)	\$ (0.04)	\$ (0.03)	\$ (0.04)	\$ (0.04)	\$ (0.08)
Weighted average number of shares	23,567	23,314	21,692	19,868	17,188	16,114	16,114	13,737
	Sep 2014	Jun 2014	Mar 2014	Dec 2013	Sep 2013	Jun 2013	Mar 2013	Dec 2012
Cash	\$ 2,988	\$ 8,783	\$ 7,141	\$ 5,551	\$ 1,395	\$ 494	\$ 1,054	\$ 1,633
Total assets	\$ 34,700	\$ 35,585	\$ 27,240	\$ 8,896	\$ 3,896	\$ 1,901	\$ 2,555	\$ 3,211
Working capital	\$ 983	\$ 5,914	\$ 5,026	\$ 5,856	\$ 1,842	\$ 563	\$ 1,078	\$ 1,729

Form 52-109FV2

***Certification of Interim Filings
Venture Issuer Basic Certificate***

I, Peter Tassiopoulos, Chief Executive Officer of Sphere 3D Corporation, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Sphere 3D Corporation (the “issuer”) for the interim period ended September 30, 2014.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: December 1, 2014

“Peter Tassiopoulos”

Peter Tassiopoulos
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2

***Certification of Interim Filings
Venture Issuer Basic Certificate***

I, Scott Worthington, Chief Financial Officer of Sphere 3D Corporation, certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Sphere 3D Corporation (the “issuer”) for the interim period ended September 30, 2014.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: December 1, 2014

“Scott Worthington”

Scott Worthington
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.