Management's Discussion & Analysis

Stampede Drilling Inc.

For the three and six months ended June 30, 2019

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2019

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the June 30, 2019 unaudited interim condensed consolidated financial statements and the December 31, 2018 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual information form (“AIF”) for the year ended December 31, 2018. Additional information regarding Stampede, including the AIF, is available on SEDAR at www.sedar.com.

All amounts or dollar figures are denominated in thousands of Canadian dollars except for per share amounts, number of drilling rigs, and operating days, or unless otherwise noted.

This MD&A is dated July 31, 2019 and is in respect of the three and six month periods ended June 30, 2019.

Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. See “Forward-Looking Information” in this MD&A for additional details.

FINANCIAL SUMMARY

	Three Months Ended June 30,			Six months ended June 30,		
(000’s CAD $ except per share amounts)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Continuing operations						
Revenue	3,319	1,447	129%	11,082	6,935	60%
Direct operating expenses	2,388	940	154%	6,791	4,508	51%
Gross margin [1]	931	507	84%	4,291	2,427	77%
Net income (loss) from continuing operations	(1,649)	(749)	120%	(438)	47	(1,032%)
Basic and diluted per share	(0.01)	(0.01)	0%	0.00	0.00	0%
Adjusted EBITDA [1]	(122)	(81)	51%	2,377	1,487	60%
Basic and diluted per share	0.00	0.00	nm	0.02	0.01	100%
Weighted average common shares outstanding	131,752	130,526	1%	131,699	130,139	1%
Weighted average diluted common shares outstan(	131,752	130,526	1%	131,699	133,689	(1%)
Combined operations [2]						
Net income (loss)	(1,410)	(1,421)	(1%)	631	(1,220)	(152%)
Basic and diluted per share	(0.01)	(0.01)	0%	0.01	(0.01)	(200%)
Adjusted EBITDA [1]	(177)	(619)	(71%)	2,851	534	434%
Capital expenditures	3,970	11,967	(67%)	4,225	12,280	(66%)

nm - not meaningful

[1] Refer to "Non-GAAP Measures" for further information.

[2] Combined operations represents the aggregated results of both continuing and discontinued operations.

	As at June 30,		
(000’s CAD $)	**2019**	**2018**	**% Change**
Current assets	4,550	8,223	(45%)
Total assets	47,431	43,411	9%
Total current liabilities	7,059	1,932	265%
Total non-current liabilities	3,123	2,368	32%
Shareholders' Equity	37,249	39,111	(5%)

NON-GAAP MEASURES

This MD&A contains references to (i) Adjusted EBITDA and (ii) gross margin. These financial measures are not measures that have any standardized meaning prescribed by IFRS and are therefore referred to as non-GAAP (Generally Accepted Accounting Principles) measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures used by other companies.

(i) Adjusted EBITDA is defined as "income (loss) from operations before interest income, interest expense, taxes, transaction costs, depreciation and amortization, share-based compensation expense, gains on disposal of property and equipment, impairment expenses, other income, foreign exchange, non-recurring restructuring charges, finance costs, accretion of debentures and other income/expenses, and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations." Management believes that in addition to net and total comprehensive income (loss), Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how these activities are financed, how assets are depreciated, amortized and impaired, the impact of foreign exchange, or how the results are affected by the accounting standards associated with the Corporation's stock-based compensation plan. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating Adjusted EBITDA may differ from that of other organizations and, accordingly, its Adjusted EBITDA may not be comparable to that of other companies.

	Three Months Ended June 30,			Six months ended June 30,		
(000's CAD $)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Net income (loss) from continuing operations	(1,649)	(749)	120%	(438)	47	(1,032%)
Depreciation [1]	1,114	536	108%	2,160	922	134%
Finance costs	152	88	73%	327	197	66%
Other income	(53)	-	nm	(95)	-	nm
Gain from disposition of property and equipmen	-	(172)	(100%)	-	(172)	(100%)
Gain from equipment lost in hole	-	-	nm	(15)	-	nm
Share-based payments	245	-	nm	274	-	nm
Transaction costs	47	216	(78%)	146	493	(70%)
Foreign exchange loss	22	-	nm	18	-	nm
Adjusted EBITDA	(122)	(81)	51%	2,377	1,487	60%

nm - not meaningful

[1] Includes depreciation of propery and equipment and right-of-use assets

(ii) Gross margin is defined as "gross profit from services revenue from continuing operations before stock-based compensation and depreciation". Gross margin is a measure that provides shareholders and potential investors additional information regarding the Corporation's cash generating and operating performance. Management utilizes this measure to assess the Corporation's operating performance. Investors should be cautioned, however, that gross margin should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating gross margin may differ from that of other organizations and, accordingly, its gross margin may not be comparable to that of other companies.

	Three Months Ended June 30,			Six months ended June 30,		
(000's CAD $)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Income (loss) from operations	(74)	(29)	155%	2,348	1,505	56%
Depreciation of property and equipment	1,005	536	88%	1,943	922	111%
Gross margin	931	507	84%	4,291	2,427	77%
Gross margin %	28%	35%	(20%)	39%	35%	11%

DESCRIPTION OF STAMPEDE'S BUSINESS

Since inception, Stampede (formerly MATRRIX Energy Technologies Inc.) was engaged in the provision of directional drilling services and technology for the oil and natural gas industry focused in the Western Canadian Sedimentary Basin. Starting in the second quarter of 2017, to complement its existing directional drilling operations, the Corporation developed a strategic plan for expansion into the drilling rig business.

On April 3, 2019, the Corporation announced that it was discontinuing its directional drilling division to focus on the drilling rig business. On May 27, 2019, the Corporation disposed of its directional drilling assets to an independent, third party purchaser.

Effective May 29, 2019, the Corporation obtained shareholder approval to change its name from MATRRIX Energy Technologies Inc. to Stampede Drilling Inc.

During the first six months of 2019, Stampede operated in the provinces of Alberta and Saskatchewan.

OUTLOOK & 2019 OPERATIONAL OVERVIEW

The second quarter of 2019 saw a continuation of macro-economic factors that impacted activity in the WCSB, including a weak WTI price and the uncertainty and delays in pipeline expansion. Despite those negative external factors, the Corporation has been able to capitalize on opportunities which have resulted in increased Q2 2019 revenue and utilization by 129% and 88% respectively, as compared to the corresponding 2018 period.

The Corporation continues to maintain a strong balance sheet through a focus on controlling fixed costs. At June 30, 2019, the Corporation's total debt to EBITDA, as defined in the lending agreement, was 0.7 to 1. Management believes the Corporation's strong balance sheet provides the flexibility to execute on strategic acquisitions, specific customer related rig upgrades and all opportunities that align with the Corporation's growth plan.

CAPITAL AVAILABILITY AND CAPITAL PROGRAM

As at June 30, 2019, the Corporation had $11,212 available on its Operating Loan, which is available to fund its remaining 2019 capital program and to take advantage of further strategic opportunities which may arise. As of the date of this MD&A, the Corporation has projected a further $1,341 for rig upgrades will be required as part of its 2019 recertification capital program.

RESULTS OF CONTINUING OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2019

(000's CAD $ except operating days)	Six months ended June 30, 2019	2018	% Change
Revenue	11,082	6,935	60%
Direct operating expenses	6,791	4,508	51%
Gross margin [(1)]	4,291	2,427	77%
Gross margin %	39%	35%	11%
Net income (loss) from continuing operations	(438)	47	(1,032%)
General and administrative expenses	2,405	940	156%
General and administrative expenses as a % of revenue	22%	14%	57%
Adjusted EBITDA [(1)]	2,377	1,487	60%
Adjusted EBITDA as a % of revenue	21%	21%	0%
Average active rig count at end of period	9	7	29%
Drilling rig operating days	558	390	43%
Drilling rig revenue per day	19.9	17.8	12%

[(1)] Refer to "Non-GAAP measures" for further information.

- Revenue in the first six months of 2019 was $11,082, an increase of $4,447 (60%) compared to $6,935 in the first six months of 2018. The increase was as a result of an increase in operating days due to the higher average rig count in 2019, and an increase in revenue per day of 12% from $17.8 in the first six months of 2018 to $19.9 in the comparable 2019 period. The increase in revenue per day was related to the higher day rates in Alberta compared to in Saskatchewan, as the Corporation relocated two rigs from Saskatchewan to Alberta during the second half of 2018.
- Operating days in the drilling rig division of 558 days in the first six months of 2019 was a 43% increase over the 390 operating days in the first six months of 2018, as a result of the increase in rig count. The drilling rig utilization for the six months ended June 30, 2019 was 34%, 55% above the CAODC industry average utilization rate of 22%, and higher than the drilling rig utilization of 30% in the six months ended June 30, 2018. The increase in average active rig count allowed the Corporation to diversify geographically into the Alberta market and expand its customer base resulting in increased drilling rig utilization in the current year.
- Direct operating expenses are primarily comprised of personnel, equipment, operating and repair costs, and shop expenses. Direct operating expenses for the six months ended June 30, 2019 were $6,791, up $2,283 (51%) from $4,508 for the six months ended June 30, 2018, also as a result of the increased operating days compared to the first six months of 2018.
- For the six months ended June 30, 2019, gross margin as a percentage of revenue was 39%, up from a gross margin of 35% in the six months ended June 30, 2018. The increase in gross margin as a percentage of revenue was primarily a result of decreased maintenance costs per day compared to the first half of 2018 when additional non-capitalizable expenditures were made to put the rigs acquired in 2017 to use, as well as fixed operating costs being allocated over more operating days, and an increase in revenue per day.
- General and administrative expenses for the first half of 2019 were $2,405 up $1,465 (156%) from $940 for the comparable period of 2018, as a result of the increased headcount and the higher allocation of corporate expenses related to salaries, legal, IT, and rent as part of the Corporation's continuing operations.
- For the six months ended June 30, 2019, Adjusted EBITDA was $2,377, a $890 (60%) increase from $1,487 in the first six months of 2018, as a result of the increase in active rig count and higher gross margin which was partially offset by the increased general and administrative expenses compared to 2018.

EXPENSES

General and Administrative Expenses

(000's CAD $)	Six months ended June 30, 2019	2018	% Change
Administrative expenses	817	393	108%
Salaries and benefits	1,097	547	101%
Share-based payments	274	-	nm
Depreciation of right-of-use assets	217	-	nm
Total general and administrative expenses	2,405	940	156%
Total general and administrative expenses as a % of revenue	22%	14%	57%

nm - not meaningful

Total general and administrative expenses for the six months ended June 30, 2019 were $2,405, an increase of $1,465 (156%) from $940 in the first six months of 2018. The primary reasons for the increase in administrative expenses and salaries and benefit costs were the increased headcount and the increased allocation of administrative, salary, and legal expenses which remains part of the Corporation's continuing operations.

Share-based payments expense for the six months ended June 30, 2019 relate to the expense of stock options issued to directors, officers, and employees of the Corporation. Stock option expense fluctuates based on the share price of grants during the year, expiries and forfeitures of options and the effects of vesting.

At the date of this MD&A, 6,477 stock options and 131,846 common shares were outstanding.

Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's finance leases under IFRS 16, Leases. Please refer to the heading *Adoption of New IFRS* below for more information on the Corporation's adoption of IFRS 16.

Depreciation of Property and Equipment

(000's CAD $)	Six months ended June 30, 2019	2018	% Change
Depreciation of property and equipment	1,943	922	111%

Depreciation expense for the six months ended June 30, 2019 was $1,943, an increase of $1,021 (111%) from $922 for the six months ended June 30, 2018. The primary reason for the increase was the Corporation's larger depreciable asset base due to the increased drilling rig count and capital investments made in 2018 to upgrade two rigs which had been relocated from Saskatchewan to Alberta.

Other Items

(000's CAD $)	Six months ended June 30, 2019	2018	% Change
Gain from disposition of property and equipment	-	172	(100%)
Gain from equipment lost in hole	15	-	nm
Finance costs	(327)	(197)	66%
Other income	95	-	nm
Foreign exchange loss	(18)	-	nm
Transaction costs	(146)	(493)	(70%)
Other items	(381)	(518)	(26%)

nm - not meaningful

For the six months ended June 30, 2019, the Corporation recorded a gain of $15 related to equipment lost downhole. The timing of lost-in-hole recoveries is not within the control of the Corporation and therefore can fluctuate significantly from period to period.

For the six months ended June 30, 2019, finance costs were $327, a $130 (66%) increase from $197 for the first six months of 2018. The increase was due to $109 interest charged on the Operating Loan related to capital projects completed in 2018 and $35 interest on lease liabilities as a result of IFRS 16, Leases, offset by a $14 decrease in accretion on convertible debentures.

Non-capitalizable transaction costs related to potential acquisitions of $146 were incurred in the first six months of 2019, a decrease of $347 (70%) from $493 on acquisitions in the first six months of 2018. Transaction costs represent non-capitalizable amounts directly related to drilling rig acquisitions which consist of due diligence and external legal fees.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a summary of the Corporation's quarterly results for each of the last eight quarters:

	2019		2018				2017	
(000's CAD $)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Continuing operations								
Revenue	3,319	7,763	6,025	3,068	1,447	5,488	1,453	-
Gross margin [1]	931	3,360	2,454	869	443	1,920	482	-
Net income (loss) - continuing operations	(1,649)	1,211	424	(623)	(684)	795	(372)	-
Basic and diluted per share	(0.01)	0.01	0.00	0.00	(0.01)	0.01	(0.01)	-
Adjusted EBITDA [1]	(122)	2,499	1,422	150	(80)	1,567	269	-
Combined operations								
Revenue	3,321	9,598	6,566	4,785	2,047	7,475	4,984	1,933
Gross margin [1]	898	4,267	2,471	1,247	464	2,248	1,363	582
Net income (loss)	(1,410)	2,041	(1,999)	(904)	(1,421)	200	(4,464)	(743)
Basic and diluted per share	(0.01)	0.02	(0.02)	(0.01)	(0.01)	0.00	(0.06)	(0.02)
Adjusted EBITDA [1]	(177)	3,028	1,085	158	(619)	1,152	355	(135)
Working capital [2]	(2,509)	1,304	(2,056)	4,611	6,291	18,751	17,823	4,841
Total assets [3]	47,431	51,989	46,435	43,096	43,411	45,130	42,525	13,455

[1] Refer to "Non-GAAP measures" for further information.

[2] Working capital in Q1 2019 includes assets held for sale and liabilities related to assets held for sale.

[3] Total assets in Q1 2019 include assets held for sale.

Comparative period information reflects the results of the continuing operations separately from the discontinued operations (see note 4 of the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2019). Prior to Q4, 2017, the discontinued operations were the only operations of the Corporation.

An assessment or comparison of the Corporation's quarterly results, at any given time, requires consideration of crude oil and natural gas commodity prices and the seasonal nature of the oil and gas industry in North America. Commodity prices ultimately drive the level of exploration and development activities carried out by the Corporation's customers and associated demand for the oilfield services provided by Stampede. Results are impacted by the gain or loss of key customers. Additions or losses of key customers can fluctuate on a quarterly basis. From a seasonality perspective, Stampede currently operates all of its drilling rigs in Western Canada, therefore, operations are impacted by weather and seasonal factors. The winter season, which incorporates the first quarter, is generally a higher activity period as oil and gas companies take advantage of frozen ground conditions to move heavy equipment and operate in regions which might otherwise be inaccessible due to ground conditions during warmer periods. The second quarter normally encompasses a slow period in Canada referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs and other heavy equipment. The third and fourth quarters in Western Canada are usually representative of average activity levels.

SECOND QUARTER RESULTS OF CONTINUING OPERATIONS

	Three Months Ended June 30,		
(000's CAD $ except per day amounts)	**2019**	**2018**	**% Change**
Drilling rig revenue	3,319	1,447	129%
Direct operating expenses	2,388	940	154%
Gross margin [1]	931	507	84%
Gross margin %	28%	35%	(20%)
Net income (loss) from continuing operations	(1,649)	(749)	120%
General and administrative expenses	1,407	588	139%
General and administrative expenses as a % of revenue	42%	41%	2%
Adjusted EBITDA [1]	(122)	(81)	51%
Adjusted EBITDA as a % of revenue	(4%)	(6%)	33%
Average active rig count at end of period	9	8	13%
Drilling rig operating days	180	84	114%
Drilling rig revenue per day	18.4	17.2	7%

[1] Refer to "Non-GAAP measures" for further information.

- Revenue in the second quarter of 2019 was $3,319, an increase of $1,872 (129%) compared to $1,447 in the second quarter of 2018. The increase was as a result of an increase in operating days due to the increased marketable rig count, and an increase in revenue per day of 7% from $17.2 in the second quarter of 2018 to $18.4 in the comparable 2019 period. The increase in revenue per day was related to the higher day rates in Alberta compared to in Saskatchewan as the Corporation relocated two rigs from Saskatchewan to Alberta during the second half of 2018.
- Operating days in the drilling rig division of 180 days in the second quarter of 2019 was a 114% increase over the 84 operating days in the second quarter of 2018, as a result of the increased rig count. The drilling rig utilization for the quarter ended June 30, 2019 was 22%, 47% above the CAODC industry average utilization rate of 15%, and above the drilling rig utilization of 12% in the second quarter of 2018. The increase in average active rig count allowed the Corporation to diversify geographically into the Alberta market and expand its customer base resulting in increased drilling rig utilization in the current year.
- Direct operating expenses are primarily comprised of personnel, equipment, operating and repair costs, and shop expenses. Direct operating expenses for the three months ended June 30, 2019 were $2,388, up $1,448 (154%) from $940 for the three months ended June 30, 2018, also as a result of the increased operating days compared to the second quarter of 2018.

SECOND QUARTER RESULTS OF CONTINUING OPERATIONS (continued)

- For the second quarter ended June 30, 2019, gross margin as a percentage of revenue was 28%, down 20% from a gross margin of 35% in the second quarter of 2018. Gross margin as a percentage of revenue was impacted by higher repairs and maintenance expenses in the second quarter of 2019, as compared to the same period in the prior year.
- General and administrative expenses for the three months ended June 30, 2019 were $1,407, up $819 (139%) from $587 for the three months ended June 30, 2018, as a result of the increased headcount and the higher allocation of corporate expenses related to salaries, legal, IT, and rent as part of the Corporation's continuing operations.
- For the quarter ended June 30, 2019, the Adjusted EBITDA loss was $122, a $42 (53%) higher loss from an Adjusted EBITDA loss of $80 in the comparable quarter of 2018, as a result of the lower gross margin and increased general and administrative expenses offset by increased revenues compared to the second quarter of 2018.

RESULTS OF DISCONTINUED OPERATIONS

On April 3, 2019, the Corporation announced the discontinuation of its directional drilling division. As part of this process, the Corporation presented the results of the directional drilling operations using the guidance under "IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations", as discontinued operations on the condensed consolidated statements of comprehensive income (loss) and the condensed consolidated statements of cash flows for the current and comparative periods.

During the second quarter, the Corporation disposed of its directional drilling assets to an independent, third-party purchaser. In accordance with the disposal, property and equipment with a net book value of $908 was sold on May 27, 2019 for gross proceeds of $1,500 which resulted in recognition of a gain on disposition of $576, which was classified within discontinued operations.

The operating results for the three months ended June 30, 2019 represent those costs required to complete the disposal of the assets. Severance payments totaling $332 are included in general and administrative expenses. Adjusted EBITDA includes a gain on disposition of the directional drilling assets of $592.

As part of the disposal transaction, right of use assets previously used by the directional drilling division and their related lease liabilities were assigned to the purchaser with the purchaser assuming all rights and obligations under the lease.

The following table sets forth operating results from the discontinued operations for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,			Six months ended June 30,		
(000's CAD $ except per day amounts)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Directional drilling revenue	2	600	(100%)	1,837	2,587	(29%)
Direct operating expenses	35	580	(94%)	963	2,199	(56%)
Gross margin [1]	(33)	20	(265%)	874	388	125%
Gross margin %	nm	3%	nm	48%	15%	220%
Directional drilling net income (loss)	239	(672)	(136%)	1,069	(1,267)	(184%)
General and administrative expenses	332	625	(47%)	717	1,490	(52%)
General and administrative expenses as a % of revenue	nm	104%	nm	39%	58%	(33%)
Adjusted EBITDA [1]	(55)	(538)	(90%)	474	(953)	(150%)
Adjusted EBITDA as a % of revenue	nm	(90%)	nm	26%	(37%)	170%
Directional drilling operating days[2]	-	77	(100%)	209	328	(36%)
Directional drilling revenue per day	nm	7.8	nm	8.8	7.9	11%

[1] Refer to "Non-GAAP measures" for further information.
[2] A stand-by day is calculated as 0.5 day of an operating day.

RESULTS OF DISCONTINUED OPERATIONS (continued)

- Revenue from discontinued operations for the six month period ended June 30, 2019 was $1,837, a decrease of $750 (29%) from $2,587 in the prior year comparable period, as a result of a 36% decrease in operating days due to the suspension of operations on April 3, 2019.
- Direct operating expenses from discontinued operations for the six month period ended June 30, 2019 were $963, a decrease of $1,236 (56%) from $2,199 in the prior year comparable period. Gross margin as a percentage of revenue for the six months ended June 30, 2019 was 48%, up 220% from 15% in the first six months of 2018. The primary reason for the increase was the rebilling of repairs and maintenance costs of $285 to customers and the deferral of all non-essential repairs to the Corporation's owned equipment.
- General and administrative expenses from discontinued operations in the first half of 2019 were $717, a decrease of $773 (52%) compared to $1,490 in the first half of 2018. The overall decrease was a result of a reduction in headcount in the division and the reallocation of corporate expenses of salaries, legal, IT, and rent from the directional drilling division to the drilling rig division.
- The overall effect of the increase in revenue and the decrease in direct operating costs and general and administrative expenses resulted in Adjusted EBITDA of $474 in the first six months of 2019, an increase of $1,427 (150%) from an Adjusted EBITDA loss of $953 in the first six months of 2018.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary liquidity and capital resource needs are to fund ongoing capital expenditures and growth opportunities; to service its debt, including interest payments; and to finance working capital needs. The Corporation's short-term and long-term liquidity needs are met through cash flow from operations, the Operating Loan, and debt and equity financings.

	Six months ended June 30,		
(000's CAD $)	**2019**	**2018**	**% Change**
Cash provided by (used in):			
Operating activities	2,885	1,337	116%
Investing activities	(2,803)	(11,544)	(76%)
Financing activities	135	33	309%
Increase (decrease) in cash and cash equivalents	217	(10,174)	(102%)

Cash Flows from Operating Activities

The overall increase in net income, depreciation, and finance costs, offset by interest paid on the corporation's Operating Loan, and changes in non-cash working capital resulted in cash inflows from operating activities for the first half of 2019 of $2,885, an increase of $1,548 (116%) from inflows of $1,337 in the first six months of 2018.

Cash Flows from Investing Activities

During the six months ended June 30, 2019, the Corporation invested $4,255 in property and equipment compared to $12,280 in the first six months of 2018. Purchases of property and equipment in 2019 were primarily related to the purchase of a new drilling rig and drilling rig recertifications. In addition, the Corporation received $1,500 upon the sale of its directional drilling assets.

Cash Flows from Financing Activities

During the first six months of 2019, the Corporation drew $296 (2018 – nil) on the Operating Loan to fund changes in non-cash working capital balances and made lease principal payments of $199 (2018 – nil). Please refer to the heading *Adoption of New IFRS* below for more information on the Corporation's adoption of IFRS 16, Leases.

Operating Loan Facility

On December 20, 2018, the Corporation established a new demand operating revolving loan facility (the "Operating Loan") with a Canadian chartered bank (the "Bank"). Effective May 15, 2019, the Operating Loan is subject to a maximum of $15,000 and is comprised of the following margin requirements:

(i) 75% of acceptable receivables from non-investment grade customers; plus
(ii) 85% of acceptable receivables from investment grade customers and major customers; plus
(iii) 50% of the net orderly liquidation value of capital assets and equipment; less
(iv) Potential prior ranking claims; less accounts receivables of the Corporation that have been sold or factored, whether to the bank or another third party.

The Operating Loan bears interest at the Bank's prime rate plus 85 basis points and is secured by a general first ranking security interest in all present and after-acquired assets, personal property, and undertakings of the Corporation.

The Operating Loan is subject to the following financial covenants (compared to actual calculation at period end):

	Covenant	June 30, 2019
Interest Coverage Ratio [(1)]	3.00:1.00 or more	15.41:1.00
Net Funded Debt to EBITDA Ratio [(2)]	3.00:1.00 or less	0.70:1.00

(1) Interest Coverage is calculated as the ratio of EBITDA as at such date to interest expense for the 12 months ending as at such date.
(2) Net Funded Debt to EBITDA is calculated as total interest-bearing indebtedness on a consolidated basis excluding cash and cash equivalents held by the Bank and loans which have been subordinated and postponed in favour of the Bank to EBITDA.

For the purposes of the Operating Loan, EBITDA is calculated as net income plus interest expense, income taxes, depreciation and amortization, other non-cash charges, transaction costs not to exceed $1,500, cash dividends, and losses attributable to minority equity investments, less EBITDA attributable to the directional drilling division assets disposed of during the discontinuation of that division, non-cash gains, and income attributable to minority equity investments.

EBITDA shall be calculated on a trailing twelve-month basis except for the second fiscal quarter ending June 30, 2019, when EBITDA shall be calculated for the fiscal quarter and the two immediately preceding fiscal quarters divided by 0.75.

As at June 30, 2019, $3,788 was drawn on the Operating Loan and the Corporation is in compliance with all covenants related thereto.

COMMITMENTS

In the normal course of operations, the Corporation enters into various commitments that will have an impact on future operations.

The following table reflects the Corporation's commitments as of June 30, 2019:

(000's CAD $)	2019	2020	2021	2022	2023	2024
Operating loan	3,788	-	-	-	-	-
Lease obligations [(1)]	151	277	126	132	139	121
Trade and other payables	2,994	-	-	-	-	-
Total	6,933	277	126	132	139	121

(1) Lease obligations include $22 related to a short-term lease which will be recognized on a straight-line basis as an expense.

FINANCIAL INSTRUMENTS

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below.

Credit risk

The adoption of IFRS 9, Financial Instruments, requires an entity to estimate its expected credit loss for all trade accounts receivable even when they are not past due, based on the expectation that certain receivables will be uncollectible. Based on the Corporation's assessment, an increase in the allowance for doubtful accounts was recorded using the lifetime expected credit loss model. The expected credit loss rates are based on actual credit loss experience since inception for each operating division.

Credit risk arises from the potential that one or more counterparties fails to meet their obligations. The Corporation is normally exposed to credit risk through its accounts receivable balances. The Corporation manages credit risk by assessing the creditworthiness of its customers before providing services and on an ongoing basis, as well as monitoring the amount and age of balances outstanding. The Corporation views credit risks on its accounts receivable as normal for the industry.

Substantially all of the Corporation's cash and cash equivalents are held by high credit quality financial institutions.

During the six months ended June 30, 2019, the Corporation had four customers that comprised 10%, 13%, 16%, and 40% of total revenue, compared to three customers that comprised 12%, 19%, and 37% of total revenue in the six months ended June 30, 2018. For the accounts receivable balances outstanding at June 30, 2019, the Corporation had three customers that comprised 15%, 15%, and 56% of the total balance as compared to three customers that comprised 11%, 13%, and 41% of the total balance at June 30, 2018.

The Corporation's trade and other receivables aging is as follows:

	June 30, 2019	December 31, 2018
Within 30 days	3,565	2,333
31 to 60 days	-	1,977
61 to 90 days	204	1,005
Over 90 days	422	-
Allowance for doubtful accounts	(65)	(81)
Accounts receivable	4,126	5,234

As at the date of this MD&A, Stampede has collected 24% of the June 30, 2019 outstanding balance including all amounts over 90 days.

Liquidity risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at June 30, 2019, the Corporation had a negative working capital position of $2,509 with an available cash balance of $332, and the ability to utilize borrowings under the Operating Loan.

The Corporation's trade and accrued payables are as follows:

	June 30, 2019	December 31, 2018
Accounts payables	2,279	2,678
Accrued liabilities	715	1,522
	2,994	4,200

Depending on the credit terms of the trade payable, interest will be charged after a predetermined number of days from the date of the invoice. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest Rate Risk

The Corporation is exposed to interest rate fluctuations on its Operating Loan facility which bears interest at floating market rates. For the six months ended June 30, 2019, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased $27. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

b) Foreign Currency Risk

The Corporation is exposed to foreign currency fluctuations on its financial instruments in relation to its U.S. dollar-denominated cash, accounts receivable and accounts payable. The Corporation monitors its foreign currency exposure and attempts to minimize the effect of fluctuations in the U.S. dollar by maintaining appropriate levels of cash and accounts receivable to offset corresponding U.S. dollar denominated accounts payable.

c) Fair Value

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the observable nature of inputs employed in the measurement:

Level 1: fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. Level 2 valuations are based on inputs including quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the derivative instrument.

Level 3: fair value measurements are based on unobservable information or where the observable data does not support a significant portion of the instrument's fair value.

The carrying amount of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. At June 30, 2019, the Corporation valued its cash and cash equivalents using Level 1 inputs. The Corporation does not have any Level 2 instruments. The fair value of the convertible debentures liability was recorded based on an estimated fair value interest rate and is considered a Level 3 fair value instrument.

As the debentures have not traded, the fair value of the debentures is $2,612 as at June 30, 2019 (December 31, 2018 - $2,612), based on the purchase price of $1 per debenture.

NEW IFRS STANDARD ADOPTED

On January 1, 2019, Stampede adopted IFRS 16, Leases, using the modified retrospective method. Please see the unaudited June 30, 2019 Interim Condensed Consolidated Financial Statements and related notes for further information on the adoption of the new standard.

Impact of IFRS on Adjusted EBITDA

Effective January 1, 2019, Stampede adopted IFRS 16 using the modified retrospective approach and comparative information was not restated. As a result, the comparability of Adjusted EBITDA after January 1, 2019 to periods prior to that date is impacted.

Under IFRS 16, finance leases are recognized on the statement of financial position as right-of-use assets and corresponding lease obligations. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life of the assets or the lease terms, whichever is shorter. The lease obligation is measured at amortized cost using the effective interest method. As lease payments are made, the lease obligation is reduced.

Prior to the adoption of IFRS 16, operating lease expenses were recognized at the time of payment in general and administrative expenses. Under IFRS 16, lease costs are reflected on the statement of comprehensive income (loss) through depreciation and interest expense, resulting in an increase to Adjusted EBITDA.

The Corporation recorded right-of-use assets and corresponding lease obligations of $1,589 at January 1, 2019. For the six months ended June 30, 2019, the Corporation made lease payments of $234, recorded depreciation on right-of-use assets of $217 and interest on lease liabilities of $35. As a result of the new lease standard, Adjusted EBITDA (including the results of discontinued operations) was positively impacted by $157 and net income was negatively impacted by $18.

RISKS AND UNCERTAINTIES

A discussion of the Corporation’s business and operational risks is set out in the Corporation’s most recent AIF under the heading “Risk Factors”, a copy of which can be found under the Corporation's profile at www.sedar.com. Additionally, see “Financial Instruments” and ”Forward-Looking Information” in this MD&A for additional information regarding the risks to which Stampede and its business and operations are subject. If any of such risks or uncertainties actually occur, the Corporation’s business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward-looking information discussed in this MD&A.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements or forward-looking information (collectively, "forward-looking information"). Forward-looking information relates to future events or the Corporation's future performance. All information other than statements of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "could", "believe", "predict", and "forecast" are intended to identify forward-looking information.

This MD&A contains forward-looking information pertaining to, among other things: the expectation that the Corporation's current drilling rig utilization will continue for the remainder of 2019; the expectation that there will not be a significant recovery in industry activity in 2019 from 2018 levels; the view that the Corporation has a strong balance sheet and its expectation of having the flexibility to execute on strategic acquisitions, specific customer related upgrades and all other opportunities that align with the Corporation’s growth plan; the belief that Adjusted EBITDA is a useful supplemental financial measure; the expectation of having full access to its Operating Loan facility and to fund the remaining portion of the 2019 capital program and for other strategic opportunities; the projected rig upgrades will be required as part of the Corporation’s 2019 recertification program; the expected effects of seasonality and weather on the Corporation’s operations and business; and the expectation of continued expansion into the drilling rig business in Western Canada.

Statements, including forward-looking information, are made as of the date of this MD&A and the Corporation does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.