



ANNUAL INFORMATION FORM

For the Year Ended December 31, 2019

Dated March 25, 2020

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DEFINITIONS

Glossary of Terms

In this Annual Information Form, the following words and phrases have the meanings set forth below, unless otherwise indicated.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, together with all regulations promulgated thereunder, as amended from time to time.

"**Annual Information Form**" means this annual information form dated March 25, 2020.

"**Board**" means the board of directors of the Corporation as it may be comprised from time to time.

"**Corporation**" or "**Stampede**" means Stampede Drilling Inc., a corporation incorporated under the ABCA, and includes all applicable subsidiaries and predecessor entities of the Corporation, as the context requires.

"**GAAP**" means Canadian generally accepted accounting principles applicable to publicly accountable enterprises.

"**IFRS**" means International Financial Reporting Standards, which are also GAAP for publicly accountable entities in Canada.

"**Option**" means an option to acquire a Share pursuant to the Stock Option Plan.

"**Shareholders**" means the holders of Shares.

"**Shares**" means the common shares in the capital of the Corporation.

"**Stock Option Plan**" means the incentive stock option plan of Stampede approved by the Shareholders at the Corporation's annual and special meeting held on May 29, 2019.

"**TSXV**" means the TSX Venture Exchange Inc.

"**U.S.**" means the United States of America.

Unless otherwise indicated, references herein to "\$" or "dollars" are to Canadian dollars. All financial information herein has been presented in Canadian dollars in accordance with IFRS.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form constitute forward-looking statements or forward-looking information (collectively, "**forward-looking statements**"). All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. While management believes that the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Annual Information Form should not be unduly relied upon.

In particular, this Annual Information Form contains forward-looking statements pertaining to, but not limited to: the effect of regulatory or legislative changes on the business, the impact of the novel coronavirus ("**COVID-19**"), OPEC supply actions, and government mandated curtailment on local and world markets and Stampede's customers, operations and financial condition of the Corporation; the Corporation's drilling rig services; results of operations; performance of the Corporation; ability to obtain, retain and extend credit facilities; and Stampede's future business plans, prospects and opportunities. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Annual Information Form:

- the performance of Stampede's business, including current business and economic trends;
- oil and natural gas commodity prices and production levels;
- ability of customers to access capital;
- industry risks;
- royalty rate risks;
- geopolitical risk;
- seasonality and weather conditions;
- government regulation of the oil and natural gas industry;
- government regulation of the oil and natural gas services industry;
- capital overbuild in the industry;
- environmental regulation;
- competition;
- service agreements and contracts with customers;
- equipment construction risks and technology risks;
- alternatives to and changing demand for petroleum products;
- stage of development;
- reliance on key personnel;
- dependence on suppliers;
- failure to realize anticipated benefits of acquisitions and dispositions;
- additional funding requirements;
- issuance of debt;
- foreign currency exchange;
- management of growth;
- third party credit risk;
- conflicts of interest;
- volatility in price of Shares;
- risk of interruption and casualty losses;
- safety performance;
- tax matters;

- environmental liability;
- asset impairment;
- information technology security; and
- the other factors discussed under "*Risk Factors*".

The forward-looking statements contained herein are based on certain key expectations and assumptions of Stampede concerning, among other things, anticipated financial performance; the implementation of the Corporation's international growth strategy; the impact of COVID-19 and OPEC supply on local and world markets and Stampede's customers; business prospects; conditions in general economic and financial markets; industry conditions; current commodity prices and royalty regimes; regulatory developments; the impact of increasing competition; future exchange rates; the availability and cost of labour and services; the sufficiency of budgeted capital expenditures in carrying out planned activities; timing and amount of capital expenditures; the ability of the Corporation to renew existing contracts and enter into new contracts; utilization and pricing of the rigs; supply and demand for oil and natural gas services relating to the drilling and ancillary services; effects of regulation by governmental agencies; tax laws; future operating costs; and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions and potential timing delays. Although management of the Corporation considers these assumptions to be reasonable based on information currently available to it, such assumptions may prove to be incorrect.

Management has included the above summary of assumptions and risks related to forward-looking statements provided in this Annual Information Form in order to provide readers with a more complete perspective on Stampede's future operations and such information may not be appropriate for other purposes. Stampede's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom. Readers are cautioned that the foregoing factors are not exhaustive.

These forward-looking statements are made as of the date of this Annual Information Form and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

STAMPEDE DRILLING INC.

Overview

At inception, Stampede 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 ("**WCSB**"). 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. During 2019, Stampede operated in the provinces of Alberta and Saskatchewan.

In the second quarter of 2019, Stampede discontinued its directional drilling division to focus on the drilling rig business.

On May 29, 2019, the Corporation changed its name from "MATRIX Energy Technologies Inc." to "Stampede Drilling Inc."

Name, Address, Incorporation and Organization

Stampede was incorporated pursuant to the provisions of the ABCA on January 7, 2011 under the name "1579948 Alberta Ltd." On March 11, 2011, the Corporation filed articles of amendment to change its name to "MATRRIX Energy Technologies Inc." On April 6, 2011, the Corporation filed articles of amendment to remove the private company restrictions against the transfer of its securities without the prior approval of the Board.

On June 30, 2011, Stampede completed the acquisition of all of the issued and outstanding common shares of Oilfield Guidance Inc. ("**OFG**") and on September 1, 2011, the Corporation filed articles of amalgamation to complete a vertical amalgamation with OFG. The amalgamated company continued under the name "MATRRIX Energy Technologies Inc."

On September 15, 2011, the Corporation completed a reverse takeover of a TSXV listed capital pool company, Elson Energy Enterprises Ltd. ("**Elson Energy**"). As part of the reverse takeover transaction, Elson Energy amalgamated with the Corporation and the surviving entity continued under the name "MATRRIX Energy Technologies Inc." The reverse takeover of Elson Energy constituted the qualifying transaction of Elson Energy for the purposes of TSXV Policy 2.4 – *Capital Pool Companies*. Following the completion of the qualifying transaction, Stampede became a reporting issuer and the Shares were posted for trading on the TSXV under the stock symbol "MXX".

On November 21, 2017, Stampede completed the acquisition of all of the issued and outstanding shares of Stampede Drilling Ltd. ("**SDL**") and on January 1, 2018, the Corporation filed articles of amalgamation to complete a vertical amalgamation with SDL. The amalgamated company continued under the name "MATRRIX Energy Technologies Inc."

On January 19, 2018, Stampede completed the acquisition of all of the issued and outstanding shares of D2 Drilling Inc. ("**D2**") and on July 1, 2018, the Corporation filed articles of amalgamation to complete a vertical amalgamation with D2. The amalgamated company continued under the name "MATRRIX Energy Technologies Inc."

On May 27, 2019, the Corporation sold all of the assets related to its directional drilling division.

In conjunction with the Corporation's discontinuance of its directional drilling division, on May 29, 2019, the Corporation filed articles of amendment to effect the name change to "Stampede Drilling Inc." Effective June 5, 2019, the Shares commenced trading on the TSXV under the name "Stampede Drilling Inc." with the trading symbol "SDI".

Stampede is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The principal office of the Corporation is located at Suite 2200, Bow Valley Square IV, 250 – 6th Avenue SW, Calgary, Alberta T2P 3H7 and its registered office is located at Suite 2400, 525 – 8th Avenue SW, Calgary, Alberta T2P 1G1.

Intercorporate Relationships

Stampede has one wholly-owned subsidiary, Stampede Drilling (U.S.) Inc., formerly Matrix (US) Energy Technologies, Inc. ("**Stampede U.S.**"), which is organized under the laws of the State of Delaware. Stampede US changed its name from Matrix (US) Energy Technologies Inc. to Stampede Drilling (U.S.) Inc. in conjunction with the Corporation's name change.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2017

In March 2017, the Corporation announced that it intended to investigate entering into the drilling rig business to complement its business of supplying directional drilling technologies for the oil and natural gas industry in North America.

In August 2017, the Corporation completed a private placement with an officer and certain directors of the Corporation of an aggregate of 3,673,000 Shares at a price of \$0.315 per Share for aggregate gross proceeds of approximately \$1,157,000. The gross proceeds were used for general corporate purposes.

On August 15, 2017, Elson McDougald rejoined the Board and Lyle Whitmarsh joined the Corporation as President – Rig Division. Mr. Whitmarsh's primary responsibilities involved the execution of the Corporation's strategic plan to investigate entering the drilling rig business to complement the Corporation's business of directional drilling services, and technology to oil and natural gas customers in Canada.

In October 2017, the Corporation completed the issuance of two tranches of convertible unsecured subordinated debentures of the Corporation (the "**Debentures**") for an aggregate principal amount of \$2,612,000. The Debentures mature on October 31, 2020 (the "**Maturity Date**"), bear interest at a rate of 10% per annum paid semi-annually, in arrears on December 31 and June 30 of each year, and are convertible into Shares at a price of \$0.49 per Share based on a conversion premium of approximately 25% to the last trade on the TSXV on October 6, 2017 (being the date on which the offering of Debentures was announced), subject to adjustments in certain circumstances.

On October 27, 2017, the Corporation entered into an amended and restated commitment letter with the lender under its prior credit facilities providing for a revolving operating loan facility in the initial principal amount of \$3,000,000 (the "**2017 Credit Facility**"). The 2017 Credit Facility was to be used by the Corporation for working capital purposes and could be increased by an additional \$2,000,000 based on meeting certain financial tests and at the lender's discretion. At the same time, the lender provided a \$2,500,000 non-revolving acquisition facility, which was used to complete the purchase of assets from Vortex Drilling Ltd. ("**Vortex**") and subsequently repaid following the acquisition. The 2017 Credit Facility was secured by a general security agreement providing a first security interest over all present and after acquired personal property of the Corporation and specifically registered against any applicable serial-numbered equipment.

On October 30, 2017, the Corporation completed the purchase of assets from Vortex through Vortex's court appointed receiver, Deloitte Restructuring Inc. (the "**Receiver**"). Under the terms of an asset purchase agreement with the Receiver, Stampede acquired three complete telescopic double drilling rigs and related assets from Vortex for a purchase price of \$6,100,000. On October 25, 2017, the Court of Queen's Bench of Saskatchewan granted an order approving the purchase and the transactions contemplated thereby, and vesting all of Vortex's right, title and interest in and to the assets in the name of Stampede.

On October 31, 2017, the Corporation announced that it intended to complete a brokered private placement of Shares on a best efforts basis at a price of \$0.31 per Share for gross proceeds of approximately \$7 million (the "**Private Placement**"). The proceeds of the Private Placement were to be used for the repayment of debt, capital expansion and working capital. On November 13, 2017, the Corporation announced an increase in the Private Placement to gross proceeds of approximately \$20 million due to strong demand from existing and new shareholders. The Private Placement closed on November 21, 2017, with approximately 64,520,000 Shares being issued at a price of \$0.31 per Share for aggregate gross proceeds of \$20,100,100. In connection with the Private Placement, Stampede paid the agent a cash

commission of \$964,454 and issued 3,111,143 options ("**Agent's Options**") in consideration of the services performed by the agent under the Private Placement. Each Agent's Option entitled the agent to purchase one Share at a price of \$0.31 per Share until November 21, 2018. The net proceeds from the Private Placement were used for capital expansion, repayment of debt and working capital.

On November 21, 2017, the Corporation completed the acquisition of Stampede pursuant to an offer (the "**Offer**") to purchase all of the outstanding Class A common shares ("**Class A Shares**") of Stampede and Class B common shares ("**Class B Shares**") of Stampede dated October 31, 2017. At the expiry of the Offer, Stampede took up and paid for the 14,600,000 Class A Shares and 3,000,000 Class B Shares that were tendered pursuant to the Offer, being 97.33% of the Class A Shares and 100% of the Class B Shares. The remaining 400,000 Class A Shares were acquired by Stampede pursuant to the compulsory acquisition provisions of *The Business Corporations Act* (Saskatchewan). An aggregate of 22,580,640 Shares were issued to former shareholders of Stampede under the offer to purchase on the basis of 1.25448 Shares for each Class A Share and 1.25448 Shares for each Class B Share. Total consideration for Stampede was \$9,258,062, which comprised of 22,580,640 Shares at a price of \$0.41 per Share, being the price of the Shares on the TSXV on the closing date of the acquisition. Pursuant to the acquisition, Stampede acquired 3 fully crewed, modern, heavy telescopic double drilling rigs. Founded in 2011, Stampede was a privately owned and operated Saskatchewan drilling rig contractor based in Estevan, Saskatchewan. The management team and field staff are local residents of the Weyburn/Estevan area and, combined, have over 60 years of drilling experience in the southeast Saskatchewan oil and natural gas services industry.

2018

On January 19, 2018, the Corporation acquired all the issued and outstanding shares of D2, a private corporation which owned one heavy telescopic double drilling rig and additional drilling equipment in the Weyburn/Estevan area of southeast Saskatchewan. The Corporation issued 6,666,660 Shares at a deemed price of \$0.45 per Share and \$530,000 in cash equal to D2's working capital at the time of closing, for total consideration for the shares of D2 of approximately \$3 million. Additionally, under the terms of an asset purchase agreement with Derek Simpson, the former President of D2, the Corporation acquired additional drilling rig components for aggregate consideration of \$130,000.

On January 23, 2018, Richard T. Ryan ceased to be the President and Chief Executive Officer and Lyle Whitmarsh was appointed President and Chief Executive Officer and a director of Stampede. On March 8, 2018, Richard T. Ryan ceased to be a director of the Corporation.

On May 24, 2018, Stampede acquired substantially all of the assets of Red Dog Drilling Inc. ("**Red Dog**") used in connection with their drilling rig operations. Pursuant to the acquisition, Stampede acquired four drilling rigs, and related drilling equipment, consisting of two heavy telescopic double drilling rigs, one cantilever triple drilling rig and one cantilever double drilling rig. The consideration for the assets consisted of the issuance of 1,573,334 Shares at a deemed price of \$0.45 per Share and \$4,992,000 in cash for aggregate consideration of \$5,700,000.

On July 25, 2018, Stampede U.S. entered into a management consulting contract with Randy Hawkings with the objective of Mr. Hawkings advising Stampede regarding existing operations and growth strategies in the U.S. and internationally. Mr. Hawkings' contract ended December 31, 2019 but he continues to provide services to Stampede U.S. on an ad hoc basis.

On December 20, 2018, Stampede replaced the 2017 Credit Facility with a demand operating revolving loan facility with a Canadian chartered bank (the "**2018 Credit Facility**") providing for a total credit capacity of up to \$15,000,000, subject to customary margining requirements. The 2018 Credit Facility bears interest at the lender's prime rate plus 85 basis points and is secured by a general security agreement providing a first ranking security interest in all of Stampede's assets, property, and undertakings.

2019

On April 3, 2019, Stampede announced that the Board had approved discontinuing its directional drilling division starting in the second quarter of 2019. Due to continued directional drilling losses since the first quarter of 2015, and management's thorough review of the directional drilling division including the consideration of potential implications of all available options, management and the Board of Directors determined that both significant capital investment, which could not be projected to meet the Corporation's investment criteria, and major macroeconomic changes, which the Corporation cannot project happening in the near future in Western Canada, would be required in order to see a path to profitability for the division.

In connection with the cessation of the directional drilling division, the Corporation announced the departure of Mr. Charlie Lloyd, Vice President, Sales. In addition, Mr. Rob Van Bostelen, Vice President, Operations, resigned from his position as an officer of the Corporation but continued as an employee assisting the Corporation in closing the directional drilling division until August 2019.

On May 21, 2019, the Corporation announced that Stampede U.S. had entered into a management and administrative services agreement with a private U.S. based drilling company to operate 17 drilling rigs in the Permian basin of the United States.

On May 27, 2019, the Corporation sold all of the assets related to its directional drilling division for approximately \$1.5 million in cash to a private directional drilling provider.

In conjunction with the Corporation's discontinuance of its directional drilling division, on May 29, 2019, the Corporation changes its name to "Stampede Drilling Inc." Effective June 5, 2019, the Shares commenced trading on the TSXV under the name Stampede Drilling Inc. with the trading symbol "SDI".

GENERAL DESCRIPTION OF THE BUSINESS

Overview

Stampede is a public company engaged in the provision of drilling rig services to the oil and natural gas industry in North America. The Corporation's current principal markets for its services are the provinces of Saskatchewan and Alberta.

Services

Drilling Rig Services

The Corporation commenced its drilling rig business in 2017. The Corporation operates drilling rigs out of Estevan, Saskatchewan and Nisku, Alberta. The Corporation currently provides drilling rig services in southeast Saskatchewan and Alberta and operational management services in the U.S.

The Corporation now has 13 drilling rigs consisting of ten complementary heavy telescopic drilling rigs, one cantilever triple drilling rig, one light telescopic double rig, and one cantilever double drilling rig. The Corporation is currently actively running 8 of its 10 heavy telescopic double drilling rigs and continues to market the remaining rigs.

Total revenue for the Corporation's rigs was \$23,697,000 for the year ended December 31, 2019.

The market demand for drilling rig services is subject to the capital expenditure budgets of exploration and production companies. Such capital expenditures are influenced by the ability of exploration and production companies to find prospects and to fund their capital expenditures with cash flow and their access to debt or equity financing for such expenditures. Market fluctuations in the WCSB, commodity prices, the supply

of and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulations (including regulations relating to prices, taxes, foreign exchange, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection) are also important factors in determining the number of oil and natural gas wells drilled by exploration and production companies and, consequently, the demand for Stampede's drilling rig services.

Drilling rig services are performed using drilling rigs and auxiliary equipment pursuant to contracts with exploration and production companies. Customers provide instructions to Stampede regarding drilling locations and the desired depth of the oil or natural gas well to be drilled. If the well is productive and can be economically produced, the drilling rig will set the production casing or liner to complete the well. The drilling rig may also complete the well or install a wellhead for completion at a later date by a well servicing rig.

Drilling contracts are awarded through competitive bidding or on a negotiated basis and are based upon reputation and equipment. In periods of low activity, more contracts are offered on a competitive bid basis, while during periods of high activity, contracts are often awarded on a negotiated basis. Terms and rates will vary depending on competitive conditions, equipment and services to be supplied, the geographical area, the geological formation to be drilled, the onsite drilling conditions and the anticipated duration of the work. The drilling rig contractor provides the drilling rig and crew and is typically responsible for the payment of rig operating and maintenance expenses. Surface lease construction, negotiating access with land owners, rig mobilization expenses as well as third party rentals are generally arranged and paid for by the exploration and production companies. Drilling rig services in Canada are performed primarily pursuant to industry standard drilling contracts endorsed by both the Canadian Association of Oilwell Drilling Contractors and Canadian Association of Petroleum Producers in Canada. The contract can be for a specific well or number of wells or for a specific time period. Generally, contracts are carried out on a daywork basis. Pursuant to daywork contracts, the customer pays a fixed charge per day for the number of days needed to drill a well. Daywork contracts also provide for an hourly rate, day rate, or a lump sum amount, for mobilization of the rig to the well location and for rig-up and rig-down. Daywork contracts typically provide that the drilling company bears very limited downhole risks including time delays for various reasons, a well control situation or a stuck or broken drill string. Although the Corporation's drilling contracts typically contain provisions to minimize the likelihood of cancellations, weakened demand for drilling services, especially when commodity prices collapse or performance issues exist, can result in customers renegotiating or terminating contracts.

In Canada, the 2019 drilling activity tracked 2018 levels for much of the year. Continued volatile commodity prices for crude oil and natural gas as a result of record high oil price differentials due to ongoing pipeline constraints, continued to negatively impact the drilling industry, by decreasing producer confidence and corresponding capital budgets.

In 2020, the recent development of the macro-economic factors of the COVID-19 virus, instability created by OPEC's inability to maintain the global oil supply and the resulting impact to commodity prices, have created an adverse effect on the energy industry.

Stampede expects Canadian oil and gas producers will continue to be faced with the challenge of exporting their products due to uncertainty surrounding the timing of the Trans Mountain pipeline expansion project as well as delays related to other pipeline projects such as the Keystone XL pipeline. This combined with the rise of the COVID-19 virus, global oil supply from OPEC and continued government mandated crude oil production cuts will result in capital spending reductions by Stampede's customers relative to historical levels.

Directional Drilling

On April 3, 2019, Stampede announced that it was discontinuing its directional drilling division starting in the second quarter of 2019.

Until April 3, 2019, the Corporation's previous directional drilling division supplied customers with oil and natural gas down hole drilling technologies and related services. The directional drilling division operated out of Leduc, Alberta, with operations focused on the WCSB.

Due to continued directional drilling losses since the first quarter of 2015, and after management's thorough review of the directional drilling division including the consideration of potential implications of all available options, management and the Board of Directors determined that both significant capital investment, which could not be projected to meet the Corporation's investment criteria, and major macroeconomic changes, which the Corporation could not project happening in the near future in Western Canada, would be required in order to see a path to profitability for the division.

On May 27, 2019, the Corporation sold all of the assets related to its directional drilling division for approximately \$1.5 million in cash to a private directional drilling provider.

Competitive Conditions

The oil and natural gas services business is highly competitive and the utilization and pricing of Stampede's services is sensitive to the level of demand for its services. The competitive marketplace for drilling in both Canada and the U.S. ranges from very large multinational companies to a number of smaller regionalized players. Many of the larger competitors carry out extensive research and development and manufacture their own drilling equipment and components. The drilling rig business in southeast Saskatchewan and Alberta is very competitive with a number of large companies and smaller regionalized players with operations in the area.

The oil and natural gas services business is highly competitive and, in order to be successful, the Corporation must provide services that meet the specific needs of its customers at competitive prices. Reduced levels of activity in the oil and natural gas industry lower demand for oil and natural gas services, intensify competitive pressures and reduce revenues and margins. The principal competitive factors in the markets in which the Corporation operates are: (i) service quality and availability; (ii) reliability and performance of equipment used to perform its services; (iii) technical knowledge and experience; (iv) a reputation for safety performance; and (v) price. The Corporation competes with several smaller and larger regional competitors. Competitors offer similar services in all geographic regions in which the Corporation operates.

See "*Risk Factors – Competition*".

Sources, Pricing and Availability of Materials, Parts and Products

Stampede's ability to compete and expand operations depends on having access, at a reasonable cost, to the equipment and components utilized to manufacture its drilling rigs and systems. From time to time, Stampede makes purchases of certain equipment and components from various suppliers inside and outside the oil and natural gas services industry. Stampede has no assurance that sources for equipment and components will remain available and any lack of access to such equipment and components could impair Stampede's ability to construct its drilling rigs and to expand its services. The Corporation sources materials and components based on industry standard terms and pricing. If Stampede's suppliers are unable to provide the necessary materials and components, or otherwise fail to deliver products of the quality or in the quantities required, resulting delays in the construction of new drilling rigs could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

See "*Risk Factors – Equipment Construction Risks*" and "*Risk Factors – Dependence on Suppliers*".

Cycles

Reduced levels of activity in the oil and natural gas industry can intensify competition and result in lower revenue to the Corporation. Variations in the exploration and development budgets of oil and natural gas companies which are directly affected by fluctuations in energy prices, the cyclical nature and competitiveness of the oil and natural gas industry and governmental regulation in all geographic regions in which the Corporation operates, will have an effect on the Corporation's ability to generate revenue and earnings.

Additionally, the level of activity within the oil and natural gas industry in Canada is influenced by seasonal weather patterns. This cyclical nature is also affected by geography within Canada. As a rule of thumb, activity further north in Canada is generally more affected by seasonal weather patterns. However, the annual drilling cycle affects all of Canada and can generally be viewed in four components:

- Spring Break-up – occurs between mid-March and mid-May. The northern drilling locations thaw and southern lands become impractical for travel due to wet road and surface conditions. Drilling and other oilfield activity is generally low with companies planning for the summer drilling season.
- Summer and Fall Drilling Season – occurs between mid-May and mid-October, generally focused on areas that are accessible in the summer (i.e. not situated in areas covered with muskeg); summer drilling activity is generally not as strong as the winter drilling season.
- Switch Over to Winter Drilling Season – occurs between mid-October and mid-November and is characterized by lighter drilling activity when many companies are moving off summer drilling locations and preparing winter drilling leases for delivery of equipment.
- Winter Drilling Season – occurs between mid-November through mid-March and is the period when the majority of rig activity takes place and oil and natural gas companies take advantage of the frozen landscape to access northern drilling locations.

The volatility in the weather and temperature can therefore create widely fluctuating activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Corporation.

See "*Risk Factors – Seasonality/Weather*".

Environmental Protection

The Corporation operates under the jurisdiction of a number of regulatory bodies and agencies in each of the jurisdictions in which it operates that set forth numerous prohibitions and requirements with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment and the health and safety of workers. Applicable legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and natural gas industry operations. The legislation addresses various permits, drilling, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

Stampede is committed to managing and operating in a safe, efficient and environmentally responsible manner in association with its industry partners and is committed to continually improving its environmental, health, safety and social performance. To fulfill this commitment, the Corporation's operating practices and procedures are consistent with the requirements established for the oil and natural gas industry. Stampede supports and endorses the Environmental Operating Procedures developed by the Canadian Association of Petroleum Producers. Key environmental considerations include air quality and climate change, water conservation, spill management, waste management plans, lease and right-of-way management, natural and historic resource protection, and liability management (including site assessment, remediation and reclamation). These practices and procedures apply to the Corporation's employees and Stampede monitors all activities and makes reasonable efforts to ensure that companies which provide services to Stampede operate in a manner consistent with this environmental policy.

The Corporation believes that it meets all existing environmental standards and regulations and includes sufficient amounts in its capital expenditure budget to continue to meet current environmental protection requirements. Therefore, it is not anticipated that its competitive position within the industry will be adversely affected by changes in applicable legislation. However, no assurance can be given that the application of environmental laws to Stampede's business and operations will not result in a curtailment of its operations or incur a material increase in its costs of operations or other activities or otherwise adversely affect Stampede's financial condition, results of operations or prospects. Stampede has internal procedures designed to ensure that due diligence reviews to assess environmental liabilities and regulatory compliance are completed prior to proceeding with new acquisitions and developments.

The Corporation maintains an insurance program consistent with industry practice and also has operational and emergency response procedures and occupational health, safety and environmental programs in place to reduce potential loss exposure.

Employees

As at December 31, 2019, Stampede had 16 full-time employees at its Calgary, Leduc and Estevan offices and 195 field employees.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Corporation or any of its subsidiaries or related entities, or any voluntary bankruptcy, receivership or similar proceeding by the Corporation or any of its subsidiaries since the inception of the Corporation or during or proposed for the current financial year.

Health, Safety, Environmental and Social Policies

Stampede's management, employees and contractors are responsible and accountable for the overall health, safety and environmental program of the Corporation. Stampede operates in compliance with all applicable regulations and ensures that all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

Stampede maintains a safe and environmentally responsible work place and provides training, equipment and procedures to all individuals in adhering to its policies. It also solicits and takes into consideration input from neighbors, communities and other stakeholders in regard to protecting people and the environment.

With the addition of the new drilling rig business division in the fourth quarter of 2017, during 2018, the Corporation split out the Audit, Environmental, Health and Safety Committee into two separate Board committees: (i) the Audit Committee; and (ii) the Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee monitors, and continuously updates, the policies and

procedures implemented by management relating to environmental, health and safety matters for adherence by all directors, officers, employees and consultants of the Corporation. The Board receives a report from the Environmental, Health and Safety Committee at each quarterly Board meeting outlining any environmental or safety incidents that occurred or areas of concern that have arisen since the last quarterly Board meeting. More significant incidents, if any, are discussed in greater detail and management and the Board consider whether any changes should be implemented as a result of the incident.

At the field level, Stampede has a corporate environment management system which is continuously updated and meets regulatory guidelines. Procedures are put in place to ensure that the utmost care is taken in the day-to-day management of Stampede's equipment with an emphasis on incident prevention. In addition, Stampede requires each of its field workers to have completed industry standard courses.

The Corporation also has an emergency response plan which is prepared in accordance with applicable regulations. The emergency response plan is designed to provide the policies, practices and procedures to be implemented in the event of an emergency situation that arises at or as a result of Stampede's operations, including but not limited to: a serious injury or fatality, fire or explosion, uncontrolled or hazardous product release and oil or hazardous chemical spill. The purpose of the emergency response plan is to protect the health, safety and welfare of the public and workers and minimize the potential adverse environmental effects. Management of the Corporation implemented an emergency response plan in 2019 accompanied and intends on continuing training and educational initiatives to ensure the Corporation is adhering to the highest industry standards.

RISK FACTORS

The following is a summary only of certain risk factors relating to the business of the Corporation and its subsidiaries and the ownership of Shares. Shareholders, prospective investors and readers should carefully consider all such risk factors contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list, and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oilfield services business generally.

Demand for Services

There are many risks inherent in the oil and natural gas services industry, which even a combination of experience, knowledge and careful evaluation may be difficult to overcome. The demand, price and terms of drilling rigs are dependent on the level of activity in the industry. Industry conditions are influenced by numerous factors over which Stampede has no control, including the level of oil and natural gas prices, expectations about oil and natural gas prices, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political regulatory and economic conditions, and the ability of oil and natural gas companies to obtain equity or debt financing.

Oil and natural gas exploration and production activity levels are subject to fluctuation and may be impacted by fluctuations in commodity prices, which can be volatile. No assurance can be given that expected trends in oil and natural gas exploration and production activities will continue or that demand for oil and natural gas services will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices is expected to affect oil and natural gas exploration and production activities and therefore affect customer demand for drilling rig services. A material decline in oil or gas prices or industry activity could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Capital Overbuild in the Industry

As a result of the long life nature of drilling equipment and the lag between when the decision to build equipment is made and when equipment is placed into service, the amount of equipment in the industry does not always correlate to the level of demand for the equipment. Periods of high demand often spur increased capital expenditures and those capital expenditures may result in equipment supply exceeding actual demand. The potential of a capital overbuild in the industry could cause Stampede's competitors to lower their rates and could lead to a decrease in rates in the oil and natural gas services industry generally, which could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Weakness and Volatility in the Oil and Natural Gas Industry

Stampede is subject to broader geopolitical risk that affects pricing, supply and demand in the oil and natural gas industry. The inability of Stampede to deal with a sustained low commodity price environment resulting from geopolitical events beyond the Corporation's control could have a material adverse effect on its business, financial condition, results of operations, and prospects.

Market events and conditions, including global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries, sanctions against Iran and Venezuela, slowing growth in China and emerging economies, the outbreak of COVID-19, weakening global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. See "*Risk Factors – Political Uncertainty*". These events and conditions have caused a significant reduction in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in Western Canada has led to additional downward price pressure on oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, and Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the oil and natural gas industry in Western Canada.

Lower commodity prices have restricted, and are anticipated to continue to restrict, oil and natural gas producers' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the demand for drilling services which has, and are anticipated to continue to have, a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows. If these conditions persist, the Corporation's cash flow may not be sufficient to continue to fund its operations and to satisfy its obligations when due and the Corporation's ability to discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing or level of pricing from asset sales will be available on terms that are satisfactory to the Corporation or at all.

The Corporation is subject to various laws and regulations that govern the operation and taxation of the Corporation's business. The Corporation's operations may be adversely affected by political, economic or social instability or events. These events may include, but are not limited to, onerous fiscal policy, renegotiation or nullification of agreements and treaties, imposition of onerous regulation, changes in laws governing existing operations, financial constraints, including unreasonable taxation and corrupt behavior of public officials, joint venture partners or third-party representatives that could result in lost business opportunities for the Corporation. This could materially adversely affect the Corporation's business, financial condition, results of operations and cash flows.

The Corporation's workforce may be exposed to widespread pandemic

Stampede's operations are located in areas relatively remote from local towns and villages and represent a concentration of personnel working and residing in close proximity to one another. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place Stampede's workforce at risk. The 2020 outbreak of COVID-19 in China and other countries around the world is one example of such an illness. The Corporation takes every precaution to strictly follow industrial hygiene and occupational health guidelines. The Corporation is working to put the appropriate medical services in place along with pandemic management protocols. There can be no assurance that this virus or another infectious illness will not impact Stampede's personnel and ultimately its operations.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on Stampede, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses (including, most recently, COVID-19, civil unrest (including the most recent protests and railway blockades in Canada) and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to Stampede, its customers, and/or either of their businesses or operations.

Seasonality/Weather

The activities in the oil and natural gas services industry are subject to a degree of seasonality. Operating activities within the Canadian oil and natural gas services industry are generally lower in April and May during spring break up, which leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, and results in severe restrictions in the level of oil and natural gas services. Wet weather and the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. The duration of this period will have a direct impact on the level of the Corporation's activities. Certain oil and natural gas producing areas are located in areas that are inaccessible other than during winter months, because the ground surrounding the drillings sites in these areas consists of swampy terrain. Additionally, if an unseasonably warm winter prevents sufficient freezing, Stampede may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. The demand for oil and natural gas services may also be affected by the severity of the Canadian winters. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Corporation.

Government Regulation of Oil and Natural Gas Industry

The oil and natural gas industry is subject to extensive laws and regulations imposed by various levels of government where Stampede operates. Compliance with, breaches of, or changes to such laws and regulations could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows. It is not expected that any of these laws or regulations will affect the operations of Stampede in a manner materially different than they would affect other oil and natural gas services companies of similar size.

Further, the operations of Stampede and its customers are subject to a variety of federal, state, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Stampede believes that it is currently in compliance with such laws and regulations. Stampede currently invests financial and managerial resources to ensure such compliance and will continue to do so in the future. However, such laws or regulations are subject to change and accordingly, Stampede cannot accurately predict the cost or impact of any change to such laws and regulations on Stampede's business, financial condition, results of operations and cash flows.

Material changes to the regulation and taxation of the oil and natural gas industry may reasonably be expected to have an impact on the oil and natural gas services industry. The provincial governments of Alberta, British Columbia, Manitoba and Saskatchewan collect royalties on the production from Crown lands, which affect the Corporation's customers. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. An increase in royalties or other regulatory burdens would reasonably be expected to result in a material decrease in industry drilling and production activity in the applicable jurisdiction, which in turn would lead to corresponding declines in the demand for the goods and services provided by the Corporation in such jurisdiction. Conversely, reductions in royalties and other government regulations may reasonably be expected to have a positive impact on the Corporation's business.

On December 2, 2018, the Government of Alberta announced that, commencing January 1, 2019, it would mandate a short-term reduction in provincial crude oil and crude bitumen production. As contemplated in the *Curtailment Rules*, as amended effective October 1 2019, the Government of Alberta, on a monthly basis, subjects crude oil producers producing more than 20,000 bbls/d to curtailment orders that limit their production according to a pre-determined formula that allocates production limits proportionately amongst all operators subject to curtailment orders.

Curtailment first took effect on January 1, 2019, limiting province-wide production of crude oil and crude bitumen to 3.56 million bbls/d. The curtailment rate dropped gradually over the course of 2019 as a result of decreasing price differentials and volumes of crude oil and crude bitumen in storage. Allowable production for March 2020 and April 2020 is set at 3.81 million bbls/d.

Curtailment volumes affect sixteen of over 300 producers in Alberta. The *Curtailment Rules* are set to be repealed by December 31, 2020. To the extent that curtailment effects Stampede's customers capital expenditure programs, it could also materially adversely effect the demand for Stampede's services and thus its business, operations, and financial results.

Any initiatives by the governments in the regions in which the Corporation operates to set legally binding targets to reduce emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases" ("**GHGs**") could have direct or indirect compliance costs. Such initiatives and costs may adversely affect the oil and natural gas business, which in turn may directly or indirectly adversely affect the oil and natural gas services industry in which the Corporation participates. The impact of such effects and/or costs is not yet certain.

On November 22, 2015, the Government of Alberta introduced a Climate Leadership Plan (the "**CLP**"). Under this strategy, the *Climate Leadership Act* (the "**CLA**") came into force on January 1, 2017 and established a fuel charge intended to first outstrip and subsequently keep pace with the federal price. On December 14, 2016, the *Oil Sands Emissions Limit Act* came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, excluding some attributable to upgraders, the electric energy portion of cogeneration and other prescribed emissions.

In June 2019, the Government of Alberta pivoted in its implementation of the CLP and repealed the CLA. The Carbon Competitiveness Incentives Regime ("**CCIR**") remained in place. As a result, the federally imposed fuel charge took effect in Alberta on January 1, 2020, at a rate of \$20/tonne. In accordance with the GGPPA (as defined below), this will increase to \$30/tonne on April 1, 2020. However, on December 4, 2019, the federal government approved Alberta's proposed *Technology Innovation and Emissions Reduction* ("**TIER**") regulation intended to replace the CCIR, so the regulation of emissions from heavy industry remains subject to provincial regulation, while the federal fuel charge still applies. The TIER regulation came into effect on January 1, 2020.

The TIER regulation operates differently than the former facility-based CCIR, and instead applies industry-wide to emitters that emit more than 100,000 tonnes of CO₂e per year in 2016 or any subsequent year. The 2020 target for most TIER-regulated facilities is to reduce emissions intensity by 10% as measured against that facility's individual benchmark (which is, generally, its average emissions intensity during the period from 2013 to 2015), with a further 1% reduction for each subsequent year. The facility-specific benchmark does not apply to all facilities. Certain facilities, such as those in the electricity sector, are compared against the good-as-best-gas standard, which measures against the emissions produced by the cleanest natural gas-fired generation system. Similarly, for facilities that have already made substantial headway in reducing their emissions, a different "high-performance" benchmark is available to ensure that the cost of ongoing compliance takes this into account. As with the former CCIR, the TIER regulation targets emissions intensity rather than total emissions. Under the TIER regulation, facilities in high-emitting sectors can opt-in to the program despite the fact that they do not meet the 100,000 tonne threshold. A facility can opt-in to TIER regulation if it competes directly against another TIER-regulated facility or if it has annual CO₂e emissions that exceed 10,000 tonnes per year and belongs to an emissions-intensive or trade exposed sector with international competition. In addition, the owner of two or more "conventional oil and gas facilities" may apply to have those facilities regulated under the TIER regulation. To encourage compliance with the emissions intensity reduction targets, TIER-regulated facilities must provide annual compliance reports and facilities that are unable to achieve their targets may either purchase credits from other facilities, purchase carbon offsets, or pay a levy to the Government of Alberta.

Alberta, Saskatchewan, and Ontario have referred the constitutionality of the GGPPA to their respective Courts of Appeal. In both the Saskatchewan and Ontario references, the appellate Courts ruled in favour of the constitutionality of the GGPPA. The Attorneys General of Saskatchewan and Ontario have appealed these decisions to the Supreme Court of Canada and the Court is set to hear the appeals in March 2020. On February 24, 2020, the Alberta Court of Appeal determined that the GGPPA is unconstitutional. It is unclear whether the Alberta reference will be appealed and heard with the Saskatchewan and Ontario appeals or, relatedly, whether those scheduled hearings will be delayed as a result. However, each of Saskatchewan, Ontario and Alberta will participate in the scheduled hearings, along with the Attorneys General of Quebec, New Brunswick, Manitoba and British Columbia and various other interested parties.

The Government of Alberta previously signaled its intention through the CLP to implement regulations that would lower annual methane emissions by 45% by 2025. Pursuant to this goal, the Government of Alberta enacted the *Methane Emission Reduction Regulation* (the "**Alberta Methane Regulations**") on January 1, 2020, and the AER simultaneously released an updated edition of *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting*. The release of Directive 060 complements a previously released update to *Directive 017: Measurement Requirements for Oil and Gas Operations* that took effect in December 2018. Together, these new Directives represent Alberta's first step toward achieving its 2025 goal, as outlined in the Alberta Methane Regulations; however, the Government of Alberta and the federal government have not yet reached an equivalency agreement with respect to the Alberta Methane Regulations and the Federal Methane Regulations.

Environmental Regulation and Liability

The oil and natural gas industry is currently subject to federal, provincial and state environmental laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. Compliance with such legislation can require significant expenditures and a breach of such legislation may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of fines and penalties. These environmental compliance obligations are primarily the responsibility of the oil and natural gas companies which contract with Stampede; however, where applicable directly to Stampede, Stampede is committed to meeting its responsibilities in all material respects to protect the environment wherever it operates.

In addition, the trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, particularly the generation of carbon emissions; the building and maintenance of pipelines; hydraulic fracturing and water use. These restrictions and limitations may continue to increase in the future which may increase operating costs for both Stampede and its customers, may restrict the Corporation's activities and may result in a decreased demand for the Corporation's services.

The Corporation is subject to the operating risks inherent in the industry, including environmental damage. The Corporation has established programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Corporation's procedures will prevent environmental damage occurring from spills of materials handled by the Corporation or that such damage has not already occurred. On occasion, substantial fines or liabilities to third parties may be incurred. The Corporation may have the benefit of insurance maintained by it or the exploration and production company operating the well; however, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Competition

Competition could adversely affect Stampede's performance. The oil and natural gas services industry is characterized by intense competition and Stampede competes directly with other companies that have greater resources and access to capital. Oversupply of drilling rigs can cause greater price competition. Competitors compete primarily on a regional basis, and the intensity of competition may vary significantly from region to region at any particular time. If the demand for services is better in a region where Stampede operates, its competitors may respond by moving in suitable equipment from other regions, by reactivating previously inactive equipment or purchasing new equipment. An influx of equipment into a market area from any source could intensify competition and make any improvement in demand for equipment short-lived.

The Corporation's ability to generate revenue and earnings depends primarily upon its ability to win bids in competitive bidding processes and to perform awarded projects within estimated times and costs. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Corporation or that new competitors will not enter the various markets in which the Corporation is active. Reduced levels of activity in the oil and natural gas industry can intensify competition and result in lower revenue to the Corporation. Variations in the exploration and development budgets of exploration and production

companies which are directly affected by fluctuations in energy prices, the cyclical nature and competitiveness of the oil and natural gas industry and governmental regulation may have a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows.

Service Agreements and Contracts

The business operations of Stampede will depend, to a certain extent, on industry standard agreements and closed bid processes with its customer base, some of which are cancellable at any time by Stampede or its customers upon certain conditions being met. The key factors which will determine whether a customer continues to use Stampede are: (i) service quality and availability; (ii) reliability and performance of personnel and equipment used to perform its services; (iii) technical knowledge and experience; (iv) reputation for safety; and (v) competitive pricing. There can be no assurance that Stampede's relationship with its customers will continue, and a significant reduction or total loss of the business from a customer, if not offset by sales to new or existing customers, could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows. At times, a number of Stampede's drilling rigs may be under long-term take-or-pay contracts which provide a base level of future revenue over the term of the contract. Stampede is subject to the risk that customers may not honour these types of agreements or any other agreements with, or commitments to, Stampede. In addition, Stampede is subject to counter-party credit risk which increases materially in a low commodity price environment. Breaches of agreements or commitments by Stampede's customers, or failure or inability to pay by Stampede's customers, could materially reduce the Corporation's revenue and profitability and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Reliance on Major Customers

Stampede's success depends on the ability of Stampede's customers to select and acquire suitable producing properties or undeveloped exploration prospects. The marketability of any oil and natural gas assets acquired or discovered by Stampede's customers is affected by numerous factors beyond the control of such customers. These factors include market fluctuations, the price of crude oil and natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, oil and natural gas environment activism and government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection. All of these factors which could affect the Corporation's customers therefore could also negatively affect Stampede's business, financial condition, results of operations and cash flows.

The loss of a significant customer, or any significant decrease in services provided to a customer, prices paid or any other changes to the terms of services with customers, if not offset by sales to new or existing customers, could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Equipment Construction Risks

Stampede frequently upgrades its rigs. Stampede estimates the cost of the construction and the timeline for completing the construction. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation: changes in input costs; variations in labor rates; and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates. In addition, several factors could cause delays in construction, including, and without limitation, shortages in skilled labor and delays or shortages in the supply of component parts. Construction delays may lead to postponements of the anticipated date for deployment of the newly constructed equipment into operation and any such postponement could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Credit Risk

Credit risk in Stampede's business arises primarily from credit exposure to customers in the form of outstanding accounts. The maximum exposure to credit risk is equal to the carrying amount of the financial assets. The Corporation generally grants unsecured credit to its customers; however, the Corporation applies evaluation procedures to new customers and analyzes and reviews the financial health of its current customers on an ongoing basis. The allowance for doubtful accounts and past due receivables are reviewed by management on a regular basis. Accounts receivable are considered for impairment on a case by case basis when they are past due or when objective evidence is received that a customer may default. The Corporation takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Corporation accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual amount receivable. When a receivable balance is considered uncollectible it is written off against the allowance for doubtful accounts. Subsequent recovery of amounts previously written off are included in net earnings. Based on the nature of its operations, the Corporation will always have a concentration of credit risk as nearly all of the Corporation's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. In certain circumstances the Corporation has the ability to lien wells within 90 days of completion of work to help minimize the risk for uncollected amounts.

In the event such customers fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. While the Corporation has a credit management program to assist in managing the risk in collecting its receivables as outlined above, collection of such receivables may be impacted by unfavourable industry conditions including fluctuations in the level of commodity prices. To the extent that any of the Corporation's customers go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such customers. Any of these factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Equipment and Technology Risks

Complex drilling and completions programs for the exploration, development and production of conventional and unconventional oil and natural gas reserves in North America demand high performance equipment. The abilities of oil and natural gas service providers to meet these demands will depend on continuous improvement of existing rig technology such as drive systems, control systems, automation, mud systems and top drives to improve drilling efficiency. Stampede's ability to deliver equipment and services that are more efficient than its competitors is critical to continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by Stampede.

The ability of Stampede to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that Stampede will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. In such case, the Corporation's business, financial condition, results of operations and cash flows could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition, results of operations and cash flows could also be materially adversely affected.

Certain of the Corporation's equipment may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. The Corporation will need to keep current with the changing market for oil and natural gas services and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Stampede currently owns its own drilling rigs and makes additional purchases of certain drilling equipment from time to time from various suppliers in the oil and natural gas services industry. There can be no assurance that these sources for equipment will be maintained. If such equipment is not made available and is not available from any other source, the Corporation's ability to compete may be impaired.

Stampede has not sought or obtained patents or other similar protection in respect of any equipment or technology it has developed independently. In the future, Stampede may seek patents or other similar protections in respect of particular equipment and technology; however, Stampede may not be successful in such efforts. Competitors may also develop similar equipment and technology to that of Stampede, thereby adversely affecting Stampede's competitive advantage in one or more of its businesses. Additionally, there can be no assurance that certain equipment or technology developed by Stampede may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, financial condition, results of operations and cash flows of Stampede.

In the future Stampede may seek patents or other similar protections in respect of particular tools, equipment and technology; however, Stampede may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to those of Stampede thereby adversely affecting Stampede's competitive advantage in one or both of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology which may be developed by Stampede, may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation systems could reduce the demand for crude oil and other liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of hydrocarbons and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. Stampede cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the demand for drilling services and thus on Stampede's business, financial condition, results of operations and cash flows.

Reliance on Key Personnel

The success of the Corporation is dependent upon its key personnel. The Corporation may, at times, not be able to find enough skilled labour to meet its needs, which could limit its growth. The Corporation may also have difficulty finding enough skilled and unskilled labourers in the future if demand for its services increases. Shortages of qualified personnel have occurred in the past during periods of high demand and there is no guarantee that such shortages will not occur in the future. In addition, periods of increased demand have typically led to wage rate increases which may or may not be reflected by service rate increases, while in periods of decreased demand wages may or may not be reduced to offset a potential reduction in operational day rates.

The Corporation's ability to provide reliable services is dependent upon the availability of well-trained, experienced crews to operate its field equipment. The Corporation must also balance the requirement to maintain a skilled workforce with the need to establish cost structures that fluctuate with activity levels. Within the Corporation, the most experienced employees are retained during periods of low utilization by having them fill lower level positions on field crews. It is not uncommon for the Corporation's business to experience manpower shortages in peak operating periods.

The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. The ability of the Corporation to expand its services is dependent upon its ability to attract additional qualified employees. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The unexpected loss of the Corporation's key personnel, or the inability to retain or recruit skilled personnel could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Dependence on Suppliers

Failure of suppliers to deliver equipment in a timely and efficient manner could be detrimental to the Corporation's ability to keep customers and to grow. In addition, certain equipment is manufactured specifically for the Corporation and the Corporation is dependent upon the continued availability of the manufacturer and the maintenance of the quality of manufacturing. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment and if such equipment is not available. If any of the Corporation's suppliers are unable to provide the necessary equipment or parts or otherwise fail to deliver products that meet the Corporation's quality standards or the quantities required, any resulting delays in the provision of services, or in the time required to source and enter agreements with new suppliers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions, including the acquisitions of the Vortex and Red Dog assets, Stampede and D2, depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of an acquired business and assets may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services.

Stampede expects to continue to selectively seek strategic acquisitions. Stampede's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on Stampede's resources and, to the extent necessary, Stampede's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose Stampede to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems; managing newly acquired operations and improving their operating efficiencies; difficulties in maintaining uniform standards, controls, procedures and policies through all of Stampede's operations; entry into markets in which Stampede has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to Stampede's ongoing business. In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. Stampede may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize.

Stampede's failure to effectively address any of these issues could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

While Stampede's acquisition process typically includes due diligence on the business or assets to be acquired and the acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that Stampede will not become subject to certain undisclosed liabilities in proceeding with such transactions. In addition, any representations and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or for other reasons. Stampede has completed a number of acquisitions and there may exist liabilities that Stampede's due diligence failed or was unable to discover prior to the consummation of these acquisitions. To the extent that prior owners of businesses failed to comply with, or otherwise violated, applicable laws, Stampede, as a successor-owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

The Corporation may make dispositions of businesses and assets in the ordinary course of business. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, certain non-core assets of the Corporation, if disposed of, could result in the Corporation receiving less than their carrying amount.

Substantial Capital Requirements and Additional Funding Requirements

Stampede's cash flow from its operations may not be sufficient to fund its ongoing activities at all times. As the Corporation's revenues and cash flow may decline because of decreased activity levels, it has and may be required to further reduce its planned capital expenditures. In addition, uncertain levels of near term industry activity coupled with the uncertain global economy exposes the Corporation to additional capital risk. From time to time, Stampede may require additional financing in order to carry out its operations. Failure to obtain such financing on a timely basis could cause Stampede to reduce or terminate its operations. If Stampede's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or be available on terms acceptable to Stampede. The Corporation's inability to raise financing to support ongoing operations or to Corporation capital expenditures or acquisitions could limit the Corporation's growth and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Where additional financing is raised by the issuance of Shares or securities convertible into Shares, control of the Corporation may change and Shareholders may suffer dilution to their investment.

Issuance of Debt

From time to time, Stampede may enter into transactions to acquire assets or the shares of other entities. Those transactions may be financed partially or wholly with debt, which may increase Stampede's debt levels above its industry peers. Depending on future plans, Stampede may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither Stampede's articles nor its bylaws limit the amount of indebtedness that Stampede may incur. The level of Stampede's future indebtedness from time to time could impair Stampede's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate which will fluctuate over time. Any material increases in the value of the Canadian dollar negatively impact the revenues of exploration and production companies, and consequently, the revenues of oil and natural gas services companies such as the Corporation. Any material increases in the value of the Canadian dollar can have a potential negative impact and may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Additionally, Stampede purchases some of its equipment from outside of Canada and therefore decreases in the value of the Canadian dollar can have potential negative impacts on the Corporation's purchasing power for its equipment. An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount available to fund its capital expenditure program.

Management of Growth

Stampede may be subject to growth-related risks including capacity constraints and pressure on its internal systems, controls and personnel. The ability of Stampede to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Stampede to deal with this growth could have a material adverse impact on its business, financial condition, results of operations and cash flows.

Conflicts of Interest

The directors and officers of Stampede may also be directors or officers of other companies involved in the oil and natural gas industry and situations may arise where they are in a conflict of interest with Stampede. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with Stampede to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "*Directors and Officers – Conflicts of Interest*".

Unpredictability and Volatility of Share Price

The trading price of securities of oil and natural gas services issuers is subject to substantial volatility. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the issuers involved. A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Shares will trade cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors, including local and global economic conditions, governmental/regulatory actions or inactions, speculation made by media or the investment community, industry conditions, commodity prices, foreign exchange rates and political or other events unrelated to Stampede's operating performance. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices. In addition, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease their ownership in oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Investors should not place undue reliance on historical share price as an indicator of future share price and should seek advice from a financial expert prior to investing.

In addition, the securities markets have experienced significant market wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating

performance of particular issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oilfield services industry or oil and natural gas market. Such fluctuations could have a material adverse effect on the market price of the Shares.

Risks of Interruption and Casualty Losses

Stampede's operations are, or will be, subject to many hazards inherent in the oil and natural gas services industry, including unusual or unexpected geological formations, pressures, blowouts, cratering, explosions, fires, loss of well control, damaged or lost drilling, well servicing and oilfield rental equipment, and damage or loss from inclement weather or natural disasters. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, pollution, damage to the property of others and damage to producing or potentially productive oil and natural gas formations through which Stampede's drilling equipment operates. Generally, drilling rig contracts provide a clear division of the responsibilities between an oil and natural gas services company and its customer and Stampede seeks to obtain indemnification from its customers by contract for certain of these risks. Stampede also seeks protection through insurance. However, Stampede cannot guarantee that such insurance or indemnity provisions will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses to the Corporation. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate or the Corporation may elect not to insure because of high premium costs or other reasons. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic. Although Stampede maintains liability insurance in an amount which it considers adequate, there can be no assurance that insurance will continue to be available to Stampede on commercially reasonable terms, that the possible types of liabilities that may be incurred by Stampede will be covered by its insurance, or that the dollar amount of such liabilities will not exceed Stampede's policy limits, in which event Stampede could incur significant costs that could have a material adverse effect upon its business, financial condition, results of operations and cash flows.

Safety Performance

The safety performance of the Corporation is an important part of the Corporation's business and its customer's businesses. Stampede develops, implements and monitors strategies to ensure all of the Corporation's operations are meeting regulatory and internal safety policies and procedures. The Corporation's safety performance is continuously monitored at all levels of the Corporation, including at the Board level. A decline in the Corporation's safety performance could negatively impact the Corporation's ability to perform work for certain customers or potential customers, and therefore could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Tax Matters

The taxation of corporations is complex. In the ordinary course of business, Stampede may be subject to ongoing audits by tax authorities. While Stampede believes that its tax filing positions are appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. In addition, the previous tax filing positions of businesses acquired by Stampede may be reviewed and challenged by tax authorities. If such a challenge were to succeed, it could have a material adverse effect on Stampede's tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could have a material adverse effect on Stampede's tax position. As a consequence, Stampede is unable to predict with certainty the effect of the foregoing on

Stampede's taxes payable, effective tax rate and earnings. Stampede regularly reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes materially differ from these provisions, Stampede's taxes payable, effective tax rate and earnings may be affected positively or negatively in the period in which the matters are resolved. Stampede intends to mitigate this risk through ensuring that tax filing positions are carefully scrutinized by management and external consultants, as appropriate. There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which Stampede operates will not be changed or interpreted or administered in a manner which adversely affects Stampede and its shareholders. In addition, there is no assurance that the Canada Revenue Agency will agree with the manner in which Stampede calculates income or taxable income for tax purposes or that any of the other tax agencies will not change their administrative practices to the detriment of Stampede, Shareholders or both.

Asset Impairment

The Corporation is required to periodically review asset balances including goodwill and capital assets for impairment when certain factors indicate the need for analysis. In the case of goodwill, if any exists on the balance sheet, an impairment test must be completed at least annually. These calculations are based on management's estimates and assumptions at the time the analysis is made. Several factors are included in this analysis and may include changes in share price, cash flow and earnings estimates, changes in market conditions, and general local and global economic conditions. Any resulting future impairment write down to goodwill or capital assets could result in a non-cash charge against net earnings, and could be material in nature.

Information Technology Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Corporation's business activities or its competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim to a cyber phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data and information, or could result in a loss of control of the Corporation's technological infrastructure or financial resources. The Corporation's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. Despite the Corporation's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for

responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation has not experienced any material impact from cyber-attacks or infrastructure failures to date, however, there is no guaranteed protection from these threats.

Social Media

Increasingly, social media is used as a vehicle to carry out cyber phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation periodically reviews, supervises, retains and maintains the ability to retrieve social media content. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

Forward-Looking Statements May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "*Special Note Regarding Forward-Looking Statements*" in this Annual Information Form.

Availability of Current Credit Facilities

The amounts available under the 2018 Credit Facility are subject to periodic review by the Corporation's lenders, the latest scheduled review occurred in December 2019 with no material changes. There is no assurance that the amounts available to the Corporation under the 2018 Credit Facility may not be reduced and, if the amounts available are reduced to below the amounts outstanding thereunder at the time, the excess amounts will be required to be repaid. In such event, the Corporation will have to repay such amounts from other sources, including cash flow, equity issuances or other financing alternatives, which may or may not be available or, if available, may not be available on favourable terms. The Corporation's ability to access the 2018 Credit Facility is also directly dependent, among other factors, on satisfaction of certain financial ratios and other restrictive covenants. A breach of these covenants, which may be affected by events beyond the Corporation's control, could constitute an event of default which, if not cured or waived, could result in the amounts outstanding under the 2018 Credit Facility to become due and payable immediately. There is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under the 2018 Credit Facility, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the 2018 Credit Facility, the lenders could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Cash Flow Risk

With expansion into the drilling rig business and the resulting expected deployment of the current cash position, the Corporation will require sufficient cash flow in the future in order to service and repay any current and future indebtedness incurred, including the Debentures. The Corporation's ability to generate sufficient cash flow to meet these obligations is to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If the Corporation is unable to attain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, the Corporation will need to refinance or be in default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favorable terms or at all. In particular, due to the ongoing conditions in the oil and natural gas and oil and natural gas services industries and/or global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas and oil and natural gas services industries have negatively impacted the ability of such companies to access additional financing. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Political Uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. Since the 2016 U.S. presidential election, the American administration has withdrawn the United States from the Trans-Pacific Partnership and the United States Congress has passed sweeping tax reform, which, among other things, significantly reduces U.S. corporate tax rates. This has affected the competitiveness of other jurisdictions, including Canada. In addition, the North American Free Trade Agreement ("**NAFTA**") has been renegotiated and on November 30, 2018, Canada, the U.S. and Mexico signed the Canada–United States–Mexico Agreement ("**USMCA**") which will replace NAFTA once ratified by the three signatory countries. The USMCA was ratified by Mexico's Senate in June 2019 and by the United States' Senate in January 2020. The Canadian Parliament has not yet passed legislation to implement the USMCA. See "*Industry Conditions - The North American Trade Agreement and Other Trade Agreements*". The U.S. administration has also taken action with respect to reduction of regulation, which may also affect relative competitiveness of other jurisdictions. It is unclear exactly what other actions the U.S. administration will implement, and if implemented, how these actions may impact Canada and in particular the oil and natural gas industry. Any actions taken by the current U.S. administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and natural gas companies, including the Corporation.

In addition to the political disruption in the United States, the impact of the United Kingdom's exit from the European Union remains to be determined. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. Conflict and political uncertainty also continues to progress in the Middle East. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, financial condition, results of operations and cash flows.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. Alberta elected a new government in 2019 that is supportive of the Trans Mountain Pipeline expansion project while a minority government in British Columbia remains opposed to the project and has attempted to regulate the transport of heavy oil

products into and through British Columbia. Though the Supreme Court of Canada unanimously rejected the government of British Columbia's proposed regulation of the transport of heavy oil products into and through British Columbia, disputes remain between provincial and federal governments. Continued uncertainty and delays have led to decreased investor confidence, increased capital costs and operational delays for producers and service providers operating in the jurisdiction.

The federal Government was re-elected in 2019, but in a minority position. The ability of the minority federal government to pass legislation will be subject to whether it is able to come to agreement with, and garner the support of, the other elected parties, most of whom are opposed to the development of the oil and natural gas industry. The minority federal government will also be required to rely on the support of the other elected parties to remain in power, which provides less stability and may lead to an earlier subsequent federal election. Political instability, at both the federal and provincial level, continues to create regulatory uncertainty, the effects of which become apparent on an ongoing basis, particularly with respect to carbon pricing regimes, curtailment of crude oil production and transportation and export capacity, and may affect the business of participants in the oil and natural gas industry.

Climate Change

Chronic Climate Change Risks

The Corporation's and/or its customers' operations and activities emit greenhouse gases ("**GHG**") which require the Corporation to comply with federal and/or provincial greenhouse gas emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects.

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policy experiments with respect to climate governance. On April 22, 2016, 197 countries, including Canada, signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. As of December 23, 2019, 187 of the 197 parties to the convention have ratified the Paris Agreement. In December 2019, the United Nations annual Conference of the Parties took place in Madrid, Spain. The Conference concluded with the attendees delaying decisions about a prospective carbon market and emissions cuts until the next climate conference in Glasgow in 2020. However, the European Union reached an agreement about "The European Green New Deal" that aims to lower emissions to zero by 2050.

Following the Paris Agreement and its ratification in Canada, the Government of Canada pledged to cut its emissions by 30% from 2005 levels by 2030. Further, on December 9, 2016, the Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change (the "**Framework**"). The Framework provided for a carbon-pricing strategy, with a carbon tax starting at \$10/tonne in 2018, increasing annually until it reaches \$50/tonne in 2022. This system applies in provinces and territories that request it and in those that do not have a carbon pricing system in place that meets the federal standards. On June 21, 2018, the federal government enacted the Greenhouse Gas Pollution Pricing Act (the "**GGPPA**"), which came into force on January 1, 2019. This regime has two parts: an emissions trading system for large industry and a regulatory fuel charge imposing an initial price of \$20/tonne of GHG emissions. Under current federal plans, this price will escalate by \$10 per year until it reaches a price of \$50/tonne in 2022. Starting April 1, 2020, the minimum price permissible under the GGPPA is \$30/tonne of GHG emissions.

Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal

weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. See "*Risk Factors – Seasonality/Weather*".

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels which has influenced investors' willingness to invest in the oil and natural gas industry. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. In November 2018, ENvironment JEUnesse, a Quebec advocacy group, applied to the Quebec Superior Court to certify all Quebecois under 35 as a class in a proposed class action lawsuit against the Government of Canada for climate related matters. While the application was denied, the group has stated it plans to appeal. In January 2019, the City of Victoria became the first municipality in Canada to endorse a class action lawsuit against oil and natural gas producers for alleged climate-related harms. The Union of British Columbia Municipalities defeated the City of Victoria's motion to initiate a class action lawsuit to recover costs it claims are related to climate change.

Given the evolving nature of climate change policy and the control of GHG and resulting requirements, it is not possible to predict the impact on the Corporation and its business, financial condition, results of operations and cash flows. It is expected that current and future climate change regulations will have the effect of potentially reducing the demand for oil and natural gas production, which may result in a decrease in demand for the Corporation's services and a corresponding decrease in the Corporation's profitability and a reduction in the value of its assets or requiring asset impairments for financial statement purposes. See "*Risk Factors – Changing Investor Sentiment*".

Acute Climate Change Risk

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict the Corporation's ability to access its, or its customers', properties, cause operational difficulties including damage to machinery, rigs, and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets, including its rigs, may be located from time to time in regions that are close to forests or rivers and a wildfire or flood may lead to significant downtime and/or damage to such assets. Moreover, extreme weather conditions may lead to disruptions in the Corporation's goods and services in its supply chain.

Changing Investor Sentiment

A number of factors, including the effects of the use of fossil fuels on climate change, concerns of the impact of oil and natural gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors have announced that they no longer are willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the oil and natural gas industry, including potentially the oil and natural gas services sector. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Corporation, may result in limiting the Corporation's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Shares.

Litigation

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries, property damage and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation, and as a result, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Intellectual Property Litigation

Due to the rapid development of oil and natural gas and drilling technology, in the normal course of the Corporation's operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or commenced lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (i) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (ii) expend significant resources to develop or acquire non-infringing intellectual property; (iii) discontinue processes incorporating infringing technology; or (iv) obtain licenses to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Breach of Confidentiality

In the normal course of the Corporation's business, the Corporation may discuss potential business relationships, transactions with third parties, financing solutions or other activities and at which time the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. The Corporation takes commercially reasonable measures to ensure confidentiality agreements are signed by third parties prior to the disclosure of any confidential information or to otherwise ensure the confidentiality of such information is maintained; however a breach or failure of these measures could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Foreign Operations

In 2019, the Corporation recommenced business operations in the U.S., currently comprised solely of management services, and the Corporation's growth plans may contemplate establishing operations in additional foreign countries, including countries where the political and economic systems may be less stable than those in North America. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of

exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Dividends

The Corporation has not paid any dividends on its outstanding Shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations, as the Board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Stampede is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at the date of this Annual Information Form, there were 132,045,605 Shares and no preferred shares issued and outstanding. Additionally, the Corporation has \$2,612,000 aggregate principal amount of Debentures outstanding as at the date of this Annual Information Form. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation.

Shares

The holders of Shares are entitled to receive notice of, to attend and vote at any meetings of the Shareholders, to receive dividends if, as and when declared by the Board and, upon liquidation, dissolution or winding-up of the Corporation, to receive the remaining property of the Corporation after the claims of creditors and holders of preferred shares outstanding at the time have been satisfied.

Preferred Shares

Preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the Board determines prior to the issue thereof. Preferred shares rank prior to the Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Corporation.

Debentures

In October 2017, the Corporation issued \$2,612,000 aggregate principal amount of Debentures (the "**Principal Amount**") at a price of \$1,000 per Debenture. The Debentures are governed by stand-alone certificates issued to each holder of Debentures. The Debentures bear interest at a rate of 10% per annum, paid semi-annually in arrears on December 31 and June 30 of each year and are convertible into Shares at a price of \$0.49 per Share, subject to adjustment in certain circumstances. The Principal Amount is convertible at the option of the holder at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the Maturity Date; (ii) if called for redemption, on the business day immediately preceding the date fixed for redemption; or (iii) if called for repurchase pursuant to a transaction resulting in any person or persons acquiring voting control or direction over at least 50% of the aggregate voting rights attached to the common shares then outstanding, on the business day immediately preceding the payment date. The Debentures may not be redeemed by the Corporation prior to October 31, 2018. On and after October 31, 2018 and prior to October 31, 2019, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their Principal Amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the weighted average trading price of the Shares

on the TSXV, for the 30 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125% of the conversion price. On and after October 31, 2019 and prior to the Maturity Date, the Debentures may be redeemed by the Corporation, from time to time, on not more than 60 days and not less than 40 days prior notice of redemption at a redemption price equal to the Principal Amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption.

DIVIDENDS

The Board has not declared or paid any dividends or distributions on the Shares to date. The payment of dividends or distributions in the future is at the discretion of the Board and will be dependent on the Corporation's earnings, financial condition and such other factors as the Board considers appropriate.

MARKET FOR SECURITIES

Trading Price and Volume

The Shares are listed and posted for trading on the TSXV under the symbol "SDI". Prior to June 3, 2019, the Shares were listed and posted for trading on the TSXV under the symbol "MXX". The following table sets forth the high and low sales prices (which are not necessarily the closing prices) and the trading volumes for the Shares on the TSXV, as reported by the TSXV, for the periods indicated since the beginning of the year ended December 31, 2019:

2019	High (\$)	Low (\$)	Close (\$)	Volume
January	0.205	0.165	0.20	452,750
February	0.37	0.165	0.20	422,005
March	0.21	0.17	0.175	411,200
April	0.215	0.155	0.18	1,464,611
May	0.30	0.165	0.275	3,140,710
June	0.45	0.255	0.34	1,795,330
July	0.365	0.225	0.25	423,925
August	0.25	0.22	0.225	265,943
September	0.25	0.185	0.205	829,621
October	0.24	0.14	0.175	325,210
November	0.20	0.16	0.16	310,130
December	0.24	0.15	0.20	554,181
2020				
January	0.21	0.185	0.20	213,863
February	0.20	0.185	0.185	165,260
March (1 – 24)	0.195	0.055	0.09	391,300

Prior Sales

The following table sets forth, for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class were issued during the most recently completed financial year and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue/Grant	Number and Designation of Securities	Issue/Exercise Price (\$)
April 9, 2019	3,835,000 Options	0.18
May 30, 2019	750,000 Options	0.20
June 4, 2019	150,000 Options	0.30
November 13, 2019	250,000 Options	0.185

DIRECTORS AND OFFICERS

Directors and Officers

The following table sets forth: (i) the name, province and country of residence and present position(s) with Stampede of each director and officer of the Corporation; (ii) the principal occupation, business or employment of each director and officer of the Corporation during the five preceding years; and (iii) the period during which each director of the Corporation has served as a director. Directors are elected at each annual meeting of Shareholders for a one year term. The directors and officers of the Corporation, as a group, beneficially own, or control or direct (directly or indirectly), an aggregate of 7.1% Shares as at the date of this Annual Information Form.

Name, Residence and Position with Stampede	Principal Occupation During the Five Preceding Years	Director Since
Thane Russell ⁽¹⁾⁽²⁾ Chairman <i>Alberta, Canada</i>	President of Absolute Energy Limited, a private engineering, design and manufacturing company, since April 2017; prior thereto, Vice President, Business Development and Technology of Absolute Completion Technologies Ltd. since 2002	June 16, 2015
Elson J. McDougald ⁽³⁾ Director <i>Alberta, Canada</i>	Independent businessman since August 2015; prior thereto, Executive Chairman of CanElson Drilling Inc. from December 2010 to August 2015	August 15, 2017 ⁽⁴⁾
Rodger G. Hawkins ⁽¹⁾⁽³⁾ Director <i>Alberta, Canada</i>	Independent business advisor since January 2007	September 15, 2011
Terrance J. Owen ⁽²⁾ Director <i>Alberta, Canada</i>	Chairman and Chief Executive Officer of Hammerstone Corporation, a private aggregate material supply company which is part of the Brookfield Asset	September 15, 2011

Name, Residence and Position with Stampede	Principal Occupation During the Five Preceding Years	Director Since
	Management group of companies, since February 2009	
Matthew Andrade ⁽¹⁾⁽²⁾ Director <i>Alberta, Canada</i>	Managing Director, Public Investments for The Werklund Family Office, a private single family office, since November 2013; prior thereto, Chief Investment Officer of Canadian Family Futures Inc. from September 2012 to November 2013	December 19, 2014
Lyle Whitmarsh ⁽³⁾ President and Chief Executive Officer <i>Alberta, Canada</i>	President and Chief Executive Officer of Stampede since January 23, 2018; prior thereto, President of the Rig Division of Stampede from August 15, 2017 to January 23, 2018; prior thereto, President of Savanna Energy Services Corp. from June 2017 until August 2017; prior thereto, Chief Executive Officer of Trinidad Drilling Ltd. from 2008 until March 2017	N/A
Jeff Schab Chief Financial Officer and Corporate Secretary <i>Alberta, Canada</i>	Chief Financial Officer and Corporate Secretary of Stampede since March 22, 2017; prior thereto, Interim Chief Financial Officer of Stampede from February 2015 to March 22, 2017; prior thereto, Manager, Financial Reporting and Tax with Stampede from October 2013 to February 2015	N/A
Terry Kuiper ⁽⁵⁾ Chief Operating Officer, Canada <i>Alberta, Canada</i>	Chief Operating Officer, Canada of Stampede since July 8, 2019; prior thereto, Sales Manager of Stampede from December 1, 2017 to July 8, 2019; prior thereto Sales Manager of Ensign Energy Services Inc. from November 3, 2016 to November 30, 2017; prior thereto Sales Manager of Trinidad Drilling Ltd. from December 31, 2015 to November 1, 2016.	N/A

Notes:

- (1) Member of the Audit Committee. Rodger Hawkins is the Chair of the Audit Committee.
- (2) Member of the Governance and Compensation Committee. Matthew Andrade is the Chair of the Governance and Compensation Committee.
- (3) Member of the Environmental, Health and Safety Committee. Elson J. McDougald is the Chair of the Environmental, Health and Safety Committee.
- (4) Elson J. McDougald was previously a director of the Corporation from September 2011 to March 27, 2017.
- (5) Terry Kuiper was appointed Chief Operating Officer, Canada on July 8, 2019.

Thane Russell, Chairman

Mr. Russell has 33 years of engineering experience in the petroleum industry, primarily in production operations, drilling and completions, and well optimization. Mr. Russell has a particular interest in the innovation and commercialization of completion tools. Mr. Russell was one of the founders of Stellarton Energy Limited, which was sold to Tom Brown Resources Ltd. of Denver in 2000 with its wholly-owned subsidiary, Secure Oil Tools, being sold to Schlumberger Limited in 1999. In 2000, Mr. Russell founded Absolute Energy Limited, a private engineering, design and manufacturing company, and is currently the President. Prior to April 2017, Mr. Russell was also Chairman and Vice President of Absolute Completion Technologies Ltd., a private engineering, design and manufacturing company, which was founded in 2002 and sold to Schlumberger Limited in 2017. Mr. Russell also has field experience with a number of companies including Texaco, Inc., Imperial Oil Limited and Canadian Hunter Exploration Ltd. Mr. Russell received a Bachelor of Engineering degree from the Thayer School of Engineering at Dartmouth College and has his designation as a Professional Engineer.

Lyle Whitmarsh, President, Chief Executive Officer and a Director

Mr. Whitmarsh has 33 years of energy industry experience. Mr. Whitmarsh previously held the position of President with Trinidad Drilling Ltd. from 2002 to 2008, and Chief Executive Officer and a member of the board of directors of Trinidad Drilling Ltd. until March 2017. Mr. Whitmarsh has many years of practical hands-on experience, starting as a rig floor hand in the early 1980s and evolving through various operational positions, advancing into supervisory roles, manufacturing, well servicing and later into prominent senior management positions. Mr. Whitmarsh played a vital role in a wide scope of endeavors including drilling depth ranges to 30,000 feet globally, including 3,000 foot wells in Southern Alberta. He has been responsible for the overall operation of 150 rigs. Recently, Mr. Whitmarsh served as an intermediary board member of Savanna Energy Services Corp. following its acquisition by Total Energy Services Inc. and acted as President of Savanna Energy Services Corp. until July 2017. Mr. Whitmarsh has served in various capacities with the Canadian Association of Oilwell Drilling Contractors (CAODC) from 2005 to 2017 in Calgary, Alberta.

Rodger G. Hawkins, Director

Mr. Hawkins is currently an independent business advisor. Prior to his retirement in early 2007, he was a partner of the Calgary office of BDO Canada LLP. Mr. Hawkins served on the board of CanElson Drilling Inc. ("**CanElson**") until it was acquired on August 10, 2015. Mr. Hawkins served on the board of Strategic Oil & Gas Ltd. (a company listed on the TSXV) from 2013 until March 22, 2019. Mr. Hawkins received his CPA, CA designation in 1974.

Elson J. McDougald, Director

Mr. McDougald brings over 50 years of experience in the oil and natural gas services business in his role as a director of Stampede. He is currently an independent businessman and was the Executive Chairman of CanElson, a company formerly listed on the Toronto Stock Exchange ("**TSX**"), until it was acquired on August 10, 2015 by Trinidad Drilling Ltd., a TSX listed company, after which he served as a director until he resigned on March 1, 2016. Mr. McDougald was Chief Executive Officer of CanElson from December 2008 to December 2010 and Chairman of Savanna Energy Services Corp., a TSX listed company, from August 2006 to May 2008. He was the founding Chairman, President and Chief Executive Officer of Western Lakota Energy Services Inc. (a company formerly listed on the TSX) from 2001 to 2006 and the founding Chairman and Chief Executive Officer of Tetonka Drilling Inc. (a company formerly listed on the TSX) from 1997 to 2000. Prior thereto, he was founder, Chairman, President and Chief Executive Officer of Laredo Drilling Ltd. and is a past director or Chairman of Phoenix Technology Income Fund (now PHX Energy Services Corp., a company listed on the TSX), the Alberta Treasury Branch, Alberta Petroleum Equipment Company Ltd., Lakeside Farm Industries Ltd. and Vencap Equities Alberta.

Terrance J. Owen, Director

Mr. Owen has been the Chairman and Chief Executive Officer of Hammerstone Corporation, a private aggregate material supply company which is part of the Brookfield Asset Management group of companies, since February 2009. From June 1994 to January 2008, Mr. Owen held various executive positions with the Trimac group of companies, including serving as President and Chief Executive Officer of Trimac Transportation Services L.P. from February 2005 to January 2008. Mr. Owen was a partner with the law firm Macleod Dixon LLP (now Norton Rose Fulbright Canada LLP) practicing in the corporate/securities law area from July 1985 to May 1994. Past public company directorships of Mr. Owen include Trimac Transportation Services L.P., Boom Capital Corporation, Ranchero Resources Ltd. and Intermap Technologies Corporation. Mr. Owen also acted as counsel to Macleod Dixon LLP and was a member of the Strategic Advisory Committee of that firm prior to its merger with Norton Rose in 2011.

Matthew Andrade, CFA, Director

Mr. Andrade is the Managing Director, Public Investments at The Werklund Family Office, a private single family office based in Calgary, having joined the firm in November 2013. From September 2012 to November 2013, he was the Chief Investment Officer at Canadian Family Futures Inc., a Calgary-based multi-family office. Previously Mr. Andrade was Director, Investment Analysis at Kinneir Financial Ltd., a single family office based in Calgary, from June 2010 to September 2012. Prior to June 2010, Mr. Andrade was Vice President, Mergers & Acquisitions at Ernst & Young Orenda Corporate Finance. Mr. Andrade received his Chartered Financial Analyst designation in 2004. He is the past President of the CFA Society Calgary and the past Chair of the CFA Institute Disciplinary Review Committee.

Jeff Schab, CPA, CA, Chief Financial Officer and Corporate Secretary

Mr. Schab is a member of the Chartered Professional Accountants of Alberta and has nine years accounting and finance experience with private and publicly listed companies. His career began at a major international accounting firm as a team member in the assurance group before continuing into the oil and natural gas services industry with Stampede. He has been part of the Stampede team since 2013 and was appointed Interim Chief Financial Officer in February 2015. On March 22, 2017, Mr. Schab was appointed Chief Financial Officer and Corporate Secretary.

Terry Kuiper, Chief Operating Officer, Canada

Mr. Kuiper began his career in the oil and gas services industry in 1988 with Tasmanian Well Servicing. Until November 31, 2017, Mr. Kuiper was Sales Manager at Ensign Energy Services Inc. in charge of Contract Drilling, Directional Drilling, and Rentals. Mr. Kuiper has extensive experience in the drilling rig sales business since 2005 at Western Lakota Energy Services Inc., Savanna Energy Services Corp., CanElson and Trinidad Drilling Ltd.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or officer of Stampede, or a shareholder holding a sufficient number of securities of Stampede to affect materially the control of Stampede is, as at the date hereof, or has been within the 10 years before the date hereof, a director, or executive officer of any company that: (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) while such person was acting in that capacity or within a year of such person ceasing to act in that capacity, became bankrupt,

made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Elson J. McDougald was a director of CCR Technologies Ltd. ("**CCR**") (a company formerly listed on the TSX) from May 1995 until March 1, 2011. On December 1, 2010, CCR filed a proposal with the Court of Queen's Bench of Alberta pursuant to the provisions of the *Bankruptcy and Insolvency Act* to restructure and reorganize the financial affairs of CCR, to compromise the claims of the unsecured creditors, restructure the shares of CCR and to allow it to conduct a restructuring and "rightsizing" of its operations on a going concern basis. The proposal was approved by the unsecured creditors on December 22, 2010 and by the Court of Queen's Bench of Alberta on January 13, 2011. The Alberta Securities Commission issued a variation order dated February 14, 2011 to partially revoke its cease trade order to permit the implementation of the proposal, which was subsequently implemented.

Rodger Hawkins was a director of Strategic Oil & Gas Ltd. ("**Strategic**") (a company listed on the TSX Venture Exchange) from 2013 until March 22, 2019. On April 10, 2019, Strategic announced that it, along with its wholly owned subsidiary, Strategic Transmission Ltd., had obtained credit protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") pursuant to an order granted by the Court of Queen's Bench of Alberta on the same date. On January 28, 2020, the Court of Queen's Bench of Alberta granted an Alberta Receivership Order and a Northwest Territories Receivership Order, resulting in Strategic transitioning from proceedings under the CCAA to receivership.

No director or officer of Stampede, or a shareholder holding a sufficient number of securities of Stampede to affect materially the control of Stampede (or any personal holding company of such person), has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No director or officer of Stampede, or a shareholder holding sufficient securities of Stampede to affect materially the control of Stampede, or a personal holding company of any such persons, has, within the 10 years preceding the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Circumstances may arise where the members of the Board are directors or officers of corporations which are in competition with the interests of Stampede. In particular, certain of the directors and officers of Stampede are involved in managerial or director positions with other oil and natural gas services companies whose operations may, from time to time, be in direct competition with those of Stampede or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Stampede. No assurances can be given that opportunities identified by such Board members will be provided to Stampede. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the ABCA. As at the date hereof, Stampede is not aware of any existing material conflicts of interest between Stampede and any director or officer of Stampede.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Stampede is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of any legal proceeding, during the financial year ended December 31, 2019, nor is management aware of any such contemplated legal proceedings, which involve a claim for damages, exclusive of interest and costs, that may exceed ten percent of the current assets of the Corporation.

During the year ended December 31, 2019, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as previously disclosed herein, to the knowledge of management, no director, officer or Shareholder who directly or indirectly beneficially owns, or exercises control or direction over, more than 10% of the outstanding Shares, nor any affiliate or associate of such a person, has or has had any material interest in any transaction or any proposed transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Stampede.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, located at Suite 600, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8 is the registrar and transfer agent for the Shares.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, Stampede has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year that are still in effect, other than the 2018 Credit Facility (see "*General Development of the Business – Three Year History – 2018*"), which is available on SEDAR.

INTERESTS OF EXPERTS

The auditors of the Corporation, PricewaterhouseCoopers LLP, are independent with respect to the Corporation, in accordance with the Rules of Professional Conduct of the applicable Chartered Accountants, Chartered Professional Accountants provincial regulator of Alberta.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular of the Corporation prepared in connection with the annual and special meeting of shareholders which is currently expected to be held in the second quarter of 2020. Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2019.

Copies of this Annual Information Form, any interim financial statements of the Corporation subsequent to the annual financial statements, the Corporation's management information circular and other additional information relating to the Corporation are available on SEDAR at www.sedar.com.