Management's Discussion & Analysis

Stampede Drilling Inc.

For the three months and year ended December 31, 2019

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2019

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

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

This MD&A is dated March 25, 2020 and is in respect of the three months and year ended December 31, 2019.

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

FINANCIAL SUMMARY

	Three months ended December 31,			Years ended December 31,			
(000’s CAD $ except per share amounts)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**	**2017**
Continuing operations							
Revenue	6,705	6,025	11%	23,697	16,028	48%	1,453
Direct operating expenses	4,589	3,571	29%	15,500	10,381	49%	971
Gross margin [1]	2,116	2,454	(14%)	8,197	5,647	45%	482
Net income (loss) from continuing operations	(104)	520	(120%)	(1,247)	(88)	1,317%	(372)
Basic and diluted per share	(0.00)	0.00	nm	(0.01)	(0.00)	1,303%	(0.01)
Adjusted EBITDA [1]	1,139	1,423	(20%)	4,126	3,060	35%	269
Weighted average common shares outstanding	132,046	131,600	0%	131,851	130,541	1%	43,099
Weighted average diluted common shares outstanding	132,046	131,857	0%	131,851	130,541	1%	43,099
Combined operations [2]							
Net income (loss)	(154)	(1,995)	(92%)	(245)	(4,124)	(94%)	(6,875)
Basic and diluted per share	(0.00)	(0.02)	nm	(0.00)	(0.03)	(100%)	(0.16)
Adjusted EBITDA [1]	1,056	1,085	(3%)	4,589	1,776	158%	(189)
Capital expenditures	2,295	1,720	33%	9,580	16,599	(42%)	17,696

nm - not meaningful

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

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

	As at December 31,			
(000’s CAD $)	**2019**	**2018 [1]**	**% Change**	**2017 [1]**
Current assets	7,958	5,636	41%	21,334
Total assets	53,182	46,435	15%	42,431
Total current liabilities	16,199	7,692	111%	3,511
Total non-current liabilities	429	2,422	(82%)	2,297
Shareholders' equity	36,554	36,321	1%	36,623

[1] Represents the aggregated results of both continuing and discontinued operations.

DESCRIPTION OF STAMPEDE'S BUSINESS

Stampede (formerly MATRRIX Energy Technologies Inc.) (the “Corporation”) was previously 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 the direction drilling operations, the Corporation developed a strategic plan for its expansion into the drilling rig business. Operations for the drilling rig business commenced in the fourth quarter of 2017.

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

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

In 2019, Stampede operated in the provinces of Alberta and Saskatchewan.

2019 OPERATIONAL OVERVIEW

2019 marked the Corporation's second full calendar year of operations for its drilling rig division combined with the sale of the directional drilling division in Q2 2019. The drilling rig division continued its 2018 positive momentum with 2019 revenue of $23,697, up $7,669 (48%) compared to 2018, and 2019 annual Adjusted EBITDA of $4,126, up $1,066 (35%) from 2018. The increase in annual Adjusted EBITDA was a direct result of the Corporation’s 2019 annual rig utilization of 34%, 55% higher than the CAODC’s 2019 annual utilization of 22%. Net loss from continuing operations was $1,247, $1,159 lower than 2018’s net loss of $88 as a result of higher general and administrative expenses from higher allocation of corporate expenses.

In 2019, the Corporation increased its operating days by 33% as compared to 2018, as we continued our geographic expansion into Alberta with the reallocation of assets from Saskatchewan. The reallocation allowed the Corporation to expand and diversify its customer base while increasing revenue in 2019 by 48% from 2018.

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. In 2019, the Corporation operated 8 of its 10 heavy telescopic double drilling rigs and one light telescopic double.

RECENT ECONOMIC DEVELOPMENTS

First quarter 2020 global events have significantly impacted the global economy and downgraded the Corporation’s near-term expectations of the energy industry. The spread of the COVID-19 virus in combination with OPEC’s inability to maintain global oil supply levels during early March 2020 has significantly undermined commodity prices, customer cash flows and investor confidence. Further, the influence of these recent developments impact customers’ capital spending budgets and their potential ability to pay for work completed on a timely basis.

OUTLOOK

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.

The Corporation 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 our customers relative to historical levels.

As a result of the recent developments, the Corporation has reduced its 2020 remaining capital spending forecast to $0 and has eliminated all nonessential repairs and maintenance of its entire fleet of rigs. The Corporation will focus on continued cost cutting, cash collections from our customers and debt repayment to maintain our balance sheet.

RESULTS OF CONTINUING OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

	Years ended December 31,		
(000’s CAD $ except operating days)	**2019**	**2018[(1)]**	**% Change**
Revenue	23,697	16,028	48%
Direct operating expenses	15,500	10,381	49%
Gross margin [(2)]	8,197	5,647	45%
Gross margin % [(2)]	35%	35%	0%
Net loss from continuing operations	(1,247)	(88)	1,317%
General and administrative expenses	4,782	2,663	80%
Adjusted EBITDA [(2)]	4,126	3,060	35%
Drilling rig operating days	1,143	859	33%
Drilling rig revenue per operating day	20.7	18.7	11%
Drilling rig utilization	34%	29%	17%
CAODC industry average utilization [(3)]	22%	29%	(24%)

[(1)] The comparative period has been restated to reflect discontinued operations as discussed in Note 6.

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

[(3)] Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC"). The CAODC industry average is based on operating days divided by total available drilling days.

- In 2019, revenue was $23,697, an increase of $7,669 (48%) compared to $16,028 for the year ended December 31, 2018. The increase was as a result of an increase in operating days due to the higher average rig count in 2019, and an increase in revenue per day of 11% from $18.7 for the year ended December 31, 2018 to $20.7 in the comparable 2019 period. The increase in revenue per day was related to the higher dayrates in Alberta compared to in Saskatchewan as a result of an increase in the average rig count in Alberta.
- Operating days in the drilling rig division of 1,143 days for 2019 was a 33% increase over the 859 operating days in 2018, as a result of the increase in rig count during the period and continued positive momentum in the drilling rig division. The drilling rig utilization for 2019 was 34%, 55% above the CAODC industry average utilization rate of 22%. The increase in average active rig count allowed the Corporation to diversify geographically into the Alberta market and expand its customer base resulting in increased drilling rig utilization in the current year.
- For the year ended December 31, 2019, gross margin as a percentage of revenue for the year ended December 31, 2019 was 35%, consistent with the corresponding period in 2018.
- General and administrative expenses for the year ended December 31, 2019 were $4,782 up $2,119 (80%) from $2,663 for the comparable period of 2018, as a result of increased headcount and the higher allocation of corporate expenses related to salaries, legal, IT, and rent as part of the Corporation’s continuing operations.
- For the year ended December 31, 2019, Adjusted EBITDA was $4,126 a $1,066 (35%) increase from $3,060 as compared to the corresponding 2018 period, as a result of the increase in active rig count which was partially offset by the increased general and administrative expenses compared to 2018.

EXPENSES

General and Administrative Expenses

	Years ended December 31,		
(000’s CAD $)	**2019**	**2018**	**% Change**
Administrative expenses	1,757	1,051	67%
Salaries and benefits	2,314	1,536	51%
Share-based payments	428	76	463%
Depreciation of right-of-use assets	283	-	nm
Total general and administrative expenses	4,782	2,663	80%

nm - not meaningful

EXPENSES (continued)

Total general and administrative expenses for the year ended December 31, 2019 were $4,782, an increase of $2,119 (80%) from $2,663 for the comparative 2018 period. The primary reasons for the increase in administrative expenses and salaries and benefit costs was due to increased headcount and the increased allocation of administrative and salary expenses which remains part of the Corporation's continuing operations.

Share-based payments expense for year ended December 31, 2019 relate to the expense of stock options issued to directors, officers, consultants and employees of the Corporation. Stock option expense fluctuates based on the share price of grants during the year, expiries and forfeitures of options and the effects of vesting.

At the date of this MD&A, 6,447,000 stock options and 132,046,000 common shares were outstanding.

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

Depreciation of Property and Equipment

	Years ended December 31,		
(000's CAD $)	**2019**	**2018**	**% Change**
Depreciation of property and equipment	3,991	2,464	62%

Depreciation expense for the year ended December 31, 2019 was $3,991, an increase of $1,527 (62%) from $2,464 for the year ended December 31, 2018. The primary reason for the increase was the Corporation's larger depreciable asset base due to the increased drilling rig count and capital investments made in 2018 and 2019 related to rig upgrades.

Other Items

	Years ended December 31,		
(000's CAD $)	**2019**	**2018**	**% Change**
Gain from disposition of property and equipment	8	172	(95%)
Gain from equipment lost in hole	19	-	nm
Finance costs	(684)	(406)	68%
Other income	123	18	583%
Foreign exchange loss	19	(5)	(480%)
Transaction costs	(156)	(683)	(77%)
Other items	(671)	(904)	(26%)

nm - not meaningful

For the year ended December 31, 2019, finance costs were $684, a $278 (68%) increase from $406 as compared to the corresponding 2018 period. The increase was due to higher 2019 debt levels associated with the Corporation's line of credit. The higher 2019 debt levels were a result of increased capital spend and working capital as a result of increased activity for the year ended December 31, 2019 compared to the corresponding 2018 period.

For the year ended December 31, 2019, other income was $123 as compared to $18 in the corresponding 2018 period. Other income is comprised of rent collections from the Corporation's subleases.

For the year ended December 31, 2019, there was a decrease in transaction costs of $527 (77%) from $683 as compared to the corresponding 2018 period. Transaction costs for 2019 consist of non-capitalizable amounts related to US start-up costs of $156. Transaction costs for 2018 represent non-capitalizable amounts directly related to drilling rig acquisitions which consist of due diligence and external legal fees and US start-up costs.

SUMMARY OF QUARTERLY RESULTS

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

	2019				2018			
(000's CAD $)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4[1]**	**Q3[1]**	**Q2[1]**	**Q1[1]**
Continuing operations								
Revenue	6,705	5,910	3,319	7,763	6,025	3,068	1,447	5,488
Gross margin [2]	2,116	1,790	931	3,360	2,454	869	404	1,920
Net income (loss) - continuing operations	(104)	(705)	(1,649)	1,211	520	(623)	(684)	699
Basic and diluted per share	(0.00)	(0.01)	(0.01)	0.01	0.00	(0.00)	(0.01)	0.01
Adjusted EBITDA [2]	1,139	682	(122)	2,427	1,422	150	(79)	1,567
Combined operations								
Revenue	6,705	5,910	3,321	9,598	6,566	4,785	2,047	7,475
Gross margin [2]	2,116	1,790	898	4,210	2,471	1,247	464	2,248
Net income (loss)	(154)	(724)	(1,408)	2,041	(1,995)	(904)	(1,425)	200
Basic and diluted per share	(0.00)	(0.01)	(0.01)	0.02	(0.02)	(0.01)	(0.01)	0.00
Adjusted EBITDA [2]	1,056	682	(177)	3,028	1,085	158	(619)	1,152
Working capital [3]	(8,241)	(4,423)	(2,509)	1,304	(2,056)	4,611	6,291	18,751
Total assets	53,182	51,165	47,433	51,989	46,435	43,096	43,411	45,130

[1] The comparative period has been restated to reflect discontinued operations as discussed in Note 6.

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

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

Comparative period information reflects the results of the continuing operations separately from the discontinued operations (see note 6 of the audited consolidated financial statements for the year ended December 31, 2019). Prior to Q4 2017, the discontinued operations were the only operations of the Corporation.

Seasonality

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

FOURTH QUARTER RESULTS OF CONTINUING OPERATIONS

(000's CAD $ except operating days)	Three months ended December 31, 2019	2018[1]	% Change
Revenue	6,705	6,025	11%
Direct operating expenses	4,589	3,571	29%
Gross margin [2]	2,116	2,454	(14%)
Gross margin % [2]	32%	41%	(22%)
Net income (loss) from continuing operations	(104)	520	(120%)
General and administrative expenses	1,093	1,069	2%
Adjusted EBITDA [2]	1,139	1,423	(20%)
Drilling rig operating days	289	292	(1%)
Drilling rig revenue per operating day	23.2	20.6	13%
Drilling rig utilization	31%	35%	(11%)
CAODC industry average utilization	23%	28%	(18%)

[1] The comparative period has been restated to reflect discontinued operations as discussed in Note 6.

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

[3] Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC"). The CAODC industry average is based on operating days divided by total available drilling days.

- Revenue in the fourth quarter of 2019 was $6,705, an increase of $680 (11%) compared to $6,025 in the fourth quarter of 2018. The increase was as a result in the increased average rig count and an increase in revenue per day of 13% from $20.6 in the fourth quarter of 2018 to $23.2 in the comparable 2019 period. The increase in revenue per day was related to the higher dayrates in Alberta compared to in Saskatchewan, as the Corporation added one rig in Alberta during 2019.
- Operating days in the drilling rig division of 289 days in the fourth quarter of 2019 was a 1% decrease over the 292 operating days in the fourth quarter of 2018 due to weather related delays in western Canada. The drilling rig utilization for the quarter ended December 31, 2019 was 31%, 35% above the CAODC industry average utilization rate of 23%.
- Direct operating expenses are primarily comprised of personnel, equipment, operating and repair costs, and shop expenses. For the fourth quarter ended December 31, 2019, gross margin as a percentage of revenue was 32%, down 22% from a gross margin of 41% in the fourth quarter of 2018. The decrease in gross margin as a percentage of revenue was primarily a result of increased startup costs for rigs that had not worked in 2019 that went to work in Q1 2020.
- General and administrative expenses for the three months ended December 31, 2019 were $1,093, up $24 (2%) from $1,069 for the three months ended December 31, 2018, as a result of the increased headcount and the higher allocation of corporate expenses related to salaries, IT and professional fees as part of the Corporation's continuing operations.
- For the fourth quarter ended December 31, 2019, the Adjusted EBITDA was $1,139, a $284 (20%) decrease from Adjusted EBITDA of $1,423 in the comparable quarter of 2018, mainly as a result of the increase in direct operating expenses from higher wages which was partially offset by the increased revenue generated by higher dayrates.

RESULTS OF DISCONTINUED OPERATIONS

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

During the second quarter, the Corporation disposed of its directional drilling assets to an independent, third-party purchaser. In accordance with the disposal, property and equipment with a net book value of $912 was sold on May 27, 2019 for gross proceeds of $1,500 which resulted in recognition of a gain on disposition of $588, which was classified within discontinued operations.

The general and administrative expenses for the three months ended December 31, 2019 represent the remaining costs associated with discontinued operations. As part of the disposal transaction, right of use assets previously used by the directional drilling division and their related lease liabilities were assigned to the purchaser with the purchaser assuming all rights and obligations under the lease.

The following table sets forth operating results from the discontinued operations for the three months and year ended December 31, 2019 and 2018:

	Three months ended December 31,		
(000's CAD $ except operating days)	**2019**	**2018**	**% Change**
Directional drilling revenue	-	541	(100%)
Direct operating expenses	-	524	(100%)
Gross margin (1)	-	17	(100%)
Gross margin % (1)	-	3%	nm
Directional drilling net income (loss)	34	(2,515)	(101%)
General and administrative expenses	11	2,320	(100%)
Adjusted EBITDA (1)	(83)	(340)	(76%)
Directional drilling operating days (2)	-	184	(100%)
Directional drilling revenue per day	nm	2.9	nm

nm - not meaningful

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

(2) A stand-by day is calculated as 0.5 day of an operating day.

	Years ended December 31,		
(000's CAD $ except operating days)	**2019**	**2018**	**% Change**
Directional drilling revenue	1,837	4,845	(62%)
Direct operating expenses	1,020	4,062	(75%)
Gross margin (1)	817	783	4%
Gross margin % (1)	44%	16%	175%
Directional drilling net income (loss)	1,002	(4,036)	(125%)
General and administrative expenses	411	4,192	(90%)
Adjusted EBITDA (1)	463	(1,284)	136%
Directional drilling operating days (2)	209	512	(59%)
Directional drilling revenue per day	8.8	9.5	(7%)

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

(2) A stand-by day is calculated as 0.5 day of an operating day.

- Revenue from discontinued operations for the year ended December 31, 2019 was $1,837, a decrease of $3,008 (62%) from $4,845 in the prior year comparable period, as a result of a 59% decrease in operating days due to the suspension of operations on April 3, 2019.
- Direct operating expenses from discontinued operations for the year ended December 31, 2019 were $1,020, a decrease of $3,042 (75%) from $4,062 in the prior year comparable period. Gross margin as a percentage of revenue for the year ended December 31, 2019 was 44%, up 175% from 16% for the year ended December 31, 2018. The primary reason for the increase was the rebilling of repairs and maintenance costs of $285 to customers and the deferral of all non-essential repairs to the Corporation's owned equipment.

RESULTS OF DISCONTINUED OPERATIONS (continued)

- General and administrative expenses from discontinued operations for the year ended December 31, 2019 was $411, a decrease of $3,781 (90%) compared to $4,192 in the corresponding 2018 period. The overall decrease was a result of a reduction in headcount in the division and the reallocation of expenses of salaries, legal, IT, and rent from the directional drilling division to the drilling rig division.
- The overall effect of the decrease in revenue combined with the decrease in direct operating costs and general and administrative expenses resulted in Adjusted EBITDA of $463 for 2019, an increase of $1,747 (136%) from an Adjusted EBITDA loss of $1,284 as compared to the corresponding 2018 period.
- Net income (loss) from discontinued operations for the year ended December 31, 2019 was $1,002, an increase of $5,038 (125%) from a net loss from discontinued operations of $4,036 as compared to the corresponding 2018 period due to the gain on disposition from sale of the directional drilling assets.

CAPITAL PROGRAM

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.

As a result of the global events, the Corporation has reduced its 2020 remaining capital spending forecast to $0 and has eliminated all nonessential repairs and maintenance of its entire fleet of rigs.

LIQUIDITY AND CAPITAL RESOURCES

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

	Years ended December 31,		
(000's CAD $)	**2019**	**2018**	**% Change**
Cash provided by (used in) combined operations:			
Operating activities	1,679	787	113%
Investing activities	(5,610)	(19,071)	(71%)
Financing activities	4,142	3,260	27%
Increase (decrease) in cash and cash equivalents	211	(15,024)	(101%)

Cash Flows from Operating Activities

The overall increase in depreciation, share based payments and finance costs, offset by a decreased consolidated net loss and changes in non-cash working capital, resulted in cash inflows from operating activities for the year ended December 31, 2019 of $1,679, an increase of $892 (113%) from inflows of $787 for the corresponding 2018 period.

Cash Flows from Investing Activities

For the year ended December 31, 2019, the Corporation invested $9,580 in property and equipment compared to $16,599 in the corresponding 2018 period. Purchases of property and equipment in 2019 were primarily related to the purchase of a new drilling rig and drilling rig recertifications and upgrades. In addition, the Corporation received $1,500 upon the sale of its directional drilling assets.

Cash Flows from Financing Activities

For the year ended December 31, 2019, the Corporation drew $4,990 (December 31, 2018 – $3,492) on the operating loan to fund changes in non-cash working capital balances, purchases of property and equipment and lease principal payments of $386 (2018 – nil). Please refer to the heading *Adoption of New IFRS Standards* below for more information on the Corporation's adoption of IFRS 16, Leases.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Operating Loan Facility

On December 20, 2018, the Corporation established a new demand operating revolving loan facility with a Canadian chartered bank which provides for a total credit capacity of up to, but not exceeding, a maximum of $15,000 comprised of the following margin requirements:

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

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

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

	Covenant	December 31, 2019
Interest Coverage Ratio (1)	3.00:1.00 or more	8.47:1.00
Net Funded Debt to EBITDA Ratio (2)	3.00:1.00 or less	1.81:1.00

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

As at December 31, 2019, $8,482 (December 31, 2018 - $3,492) was drawn on the operating loan facility and the Corporation was in compliance with all covenants related to its operating loan facility.

COMMITMENTS

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

The following table reflects the Corporation's commitments as of December 31, 2019:

(000's CAD $)	2020	2021	2022	2023	2024	2025
Operating loan	8,482	-	-	-	-	-
Convertible debenture repayment	2,612	-	-	-	-	-
Convertible debenture interest	261		-	-	-	-
Lease obligations	274	114	114	114	114	19
Trade and other payables	4,946	-	-	-	-	-
Total	16,575	114	114	114	114	19

OFF-BALANCE SHEET ARRANGEMENTS

During 2019 and 2018, the Corporation had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

At December 31, 2019, the Corporation had $700 (December 31, 2018 - $700) owing to related parties for the convertible debentures. During the year, the Corporation paid $70 for interest on the convertible debentures to related parties ((December 31, 2018 - $70).

FINANCIAL INSTRUMENTS

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

Credit Risk

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

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

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

For the year ended December 31, 2019, the Corporation had four customers that comprised 35%, 14%, 11% and 11% of total revenue, compared to three customers that comprised 27%, 17%, and 13% of total revenue for the year ended December 31, 2018. For the accounts receivable balances outstanding at December 31, 2019, the Corporation had three customers that comprised 35%, 27% and 12% of the total balance as compared to three customers that comprised 40%, 14% and 9% of the total balance at December 31, 2018.

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

	December 31, 2019	December 31, 2018
Within 30 days	3,529	2,333
31 to 60 days	1,319	1,977
61 to 90 days	1,744	1,005
Over 90 days	471	-
Accrued accounts receivable	539	-
Other receivables	54	-
Allowance for doubtful accounts	(142)	(81)
Accounts receivable	7,514	5,234

As at the date of this MD&A, Stampede has collected 84% of the December 31, 2019 outstanding balance including all amounts over 90 days.

Liquidity Risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at December 31, 2019, the Corporation had negative working capital of $8,241 (December 31, 2018 – negative $2,056). The Corporation's principal sources of liquidity are operating cash flows and its operating loan. The Corporation monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating capital and operating budgets, forecasting cash flows and maintaining a sufficient credit facility to meet financing requirements.

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

	December 31, 2019	December 31, 2018
Accounts payable	4,452	2,678
Accrued liabilities	494	1,522
	4,946	4,200

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

FINANCIAL INSTRUMENTS (continued)

Market Risk

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

a) Interest Rate Risk

The Corporation is exposed to interest rate fluctuations on its operating loan facility which bears interest at floating market rates. For the year ended December 31 2019, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income (loss) would have increased/decreased by $85. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

b) Foreign Currency Risk

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

c) Fair Value

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

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

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

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

The carrying amount of cash and cash equivalents, trade and other receivables, operating line, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. At December 31, 2019, the Corporation valued its cash and cash equivalents using Level 1 inputs. The Corporation does not have any Level 2 instruments. The fair value of the convertible debentures liability was recorded based on an estimated fair value interest rate and is considered a Level 3 fair value instrument.

As the debentures have not traded, the fair value of the debentures is $2,612 as at December 31, 2019 (December 31, 2018 - $2,612), based on the purchase price of $1 per debenture. The convertible debentures mature in 2020.

NEW IFRS STANDARD ADOPTED

On January 1, 2019, Stampede adopted IFRS 16, Leases, using the modified retrospective method. Please see the audited December 31, 2019 Consolidated Financial Statements and related notes for further information on the adoption of the new standard and its impact on the Corporation's financial results.

Impact of IFRS 16 on Adjusted EBITDA

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

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

NEW IFRS STANDARD ADOPTED

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

The Corporation recorded right-of-use assets and corresponding lease obligations of $1,626 at January 1, 2019. For the year ended December 31, 2019, the Corporation made lease payments of $386, recorded depreciation on right-of-use assets of $355 and interest on lease liabilities of $56. As a result of the new lease standard, Adjusted EBITDA (including the results of discontinued operations) was positively impacted by $386 and net income (loss) was negatively impacted by $25.

RISKS AND UNCERTAINTIES

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

NON-GAAP MEASURES

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

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

	Three months ended December 31,			Years ended December 31,		
(000's CAD $)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Net (loss) income from continuing operations	(104)	520	(120%)	(1,247)	(88)	1,317%
Depreciation (1)	1,055	916	15%	4,274	2,464	73%
Deferred tax recovery	-	(296)	(100%)	-	(296)	(100%)
Finance costs	184	113	63%	684	406	68%
Other income	(19)	(18)	nm	(123)	(18)	583%
Gain from disposition of property and equipment	(8)	-	100%	(8)	(172)	(95%)
Share-based payments	50	38	nm	428	76	463%
Transaction costs	10	144	(93%)	156	683	(77%)
Foreign exchange loss	(25)	6	nm	(19)	5	(480%)
Adjusted EBITDA	1,139	1,423	(20%)	4,126	3,060	35%

nm - not meaningful

(1) Includes depreciation of property and equipment and right-of-use assets

NON-GAAP MEASURES (continued)

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

	Three months ended December 31,			Years ended December 31,		
(000’s CAD $)	**2019**	**2018**	**% Change**	**2019**	**2018**	**% Change**
Income from operations	1,127	1,538	(27%)	4,206	3,183	32%
Depreciation of property and equipment	989	916	8%	3,991	2,464	62%
Gross margin	2,116	2,454	(14%)	8,197	5,647	45%
Gross margin %	32%	41%	(22%)	35%	35%	0%

FORWARD-LOOKING INFORMATION

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

This MD&A contains forward-looking information pertaining to, among other things: the Corporation's expectations regarding the impact on macro-economic factors of the COVID-19 virus, of instability created by OPEC’s inability to maintain the global oil supply and the resulting impact of both on commodity prices; the Corporation's expectation that 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; the Corporation's capital expenditure budget for 2020 and expected responses to COVID-19 and commodity pricing; the belief that Adjusted EBITDA is a useful supplemental financial measure; the expectation of having full access to its Operating Loan facility to fund 2020 operations and other strategic opportunities; and the expected effects of seasonality and weather on the Corporation’s operations and business, amongst others.

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