



Management's Discussion & Analysis

Stampede Drilling Inc.

For the three month period ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.
("Stampede" or the "Corporation")

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

The following management's discussion and analysis ("MD&A") should be read in conjunction with the December 31, 2020 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, 2020. 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 May 12, 2021 and is in respect of the three month period ended March 31, 2021.

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

(000's CAD \$ except per share amounts)	Three months ended March 31,		
	2021	2020	% Change
Revenue	11,861	10,890	9%
Direct operating expenses	7,213	7,361	(2%)
Gross margin ⁽¹⁾	4,648	3,529	32%
Net income	2,408	1,135	112%
Basic and diluted per share	0.02	0.01	nm
Adjusted EBITDA ⁽¹⁾	3,917	2,584	52%
Weighted average common shares outstanding	132,091	132,046	0%
Weighted average diluted common shares outstanding	144,529	145,528	(1%)
Capital expenditures	793	705	12%

nm - not meaningful

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

(000's CAD \$)	As at March 31,		
	2021	2020	% Change
Current assets	9,111	8,623	6%
Total assets	52,298	53,665	(3%)
Total current liabilities	12,052	15,352	(21%)
Total non-current liabilities	4,856	527	821%
Shareholders' equity	35,390	37,786	(6%)

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.

During the first quarter of 2021, Stampede generated revenue in the provinces of Alberta and Saskatchewan.

FIRST QUARTER 2021 OPERATIONAL OVERVIEW

A record quarter for the Corporation in activity, adjusted EBITDA and net income.

During the three months ended March 31, 2021, the Corporation recorded net income of \$2,408, up 112% from \$1,135 and adjusted EBITDA of \$3,917, up 52% from \$2,584 as compared to the 2020 corresponding period. The increase in net income and adjusted EBITDA were directly related to the Corporation's strongest ever recorded quarterly utilization rate. During Q1 2021 the Corporation was able to put 10 out of its 11 rigs to work achieving a 68% utilization rate, 152% higher than the CAODC industry average for Q1 2021 of 27%.

The Corporation maintained a strong emphasis on safety during this very busy quarter and is very pleased with the results being achieved. With the increased utilization, the Corporation continued to proactively respond to the safety challenges associated with the COVID-19 pandemic and remains committed to ensuring the health and safety of all of its personnel and the safe and reliable operations at each of its drilling sites.

The Corporation continued its cost cutting measures from March 2020 into Q1 2021. For the three months ended March 31, 2021, salary and benefit expenses were down 42% as compared to the corresponding 2020 period. The decrease in employee expenses was related to the following:

- 18% to 36% reduction to executive cash compensation,
- Employee salary reductions, modified work schedules, job sharing and temporary layoffs, and
- Elimination of cash compensation for the Board of Directors

During Q1 2021, the Corporation qualified for the Canadian Federal Government's Canadian Emergency Wage Subsidy program ("CEWS") which was used to reduce employee related salary expenses and help minimize reduction in headcount. For the three months ended March 31, 2021, the Corporation recorded \$869 against cost of sales and \$63 against salaries and benefit expenses.

OUTLOOK

The prospects of a successful vaccine deployment, the introduction of rapid COVID-19 testing to facilitate early detection, and continuing strengthening of commodity prices, are combining to provide a reasonable degree of optimism in the industry for the remainder of 2021. The optimism is tempered however by the current COVID-19 lockdowns and COVID-19 variants which have put pressure on the short term oil demand.

The Corporation's customer base indicates a modest increase in capital spending in 2021 due to the strengthening of the commodity prices. The M&A activity on the customer side has resulted in stronger but fewer participants requiring our services. The Corporation's performance and safety record bode well for industry leading activity to continue during the balance of 2021.

RESULTS FROM OPERATIONS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

(000's CAD \$ except per day amounts)	Three months ended March 31,		
	2021	2020	% Change
Drilling rig revenue	11,861	10,890	9%
Direct operating expenses	7,213	7,361	(2%)
Gross margin ⁽¹⁾	4,648	3,529	32%
Gross margin %	39%	32%	22%
Net income	2,408	1,135	112%
General and administrative expenses	997	1,142	(13%)
Adjusted EBITDA ⁽¹⁾	3,917	2,584	52%
Drilling rig operating days	607	531	14%
Drilling rig revenue per day	19.5	20.5	(5%)
Drilling rig utilization	68%	58%	16%
CAODC industry average utilization ⁽²⁾	27%	35%	(23%)

nm - not meaningful

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

⁽²⁾ Source: The Canadian Association of Oilwell Drilling Contractors ("CAODC") monthly Contractor Summary. The CAODC industry average is based on Operating Days divided by total available drilling days.

- Revenue for the three month period ended March 31, 2021 was \$11,861, up \$971 (9%) compared to \$10,890 for the

corresponding 2020 period. The increase was as a result of increased drilling activity as the Corporation had all 10 of its marketable rigs working during the 2021 period. The increase in revenue was partially offset by a lower revenue per day in Q1 2021. The lower revenue per day was due to increased market pricing pressures.

- The Corporation had a total of 607 operating days in the first three month of 2021, an increase of 76 operating days (14%) from the 531 operating days in the corresponding 2020 period. The drilling rig utilization for the first three months of 2021 was 68%, which was 41% higher than the first three month CAODC industry average utilization rate of 27% for 2021.
- Gross margin for the three month period ended March 31, 2021 was 39%, up 22% from 32% as compared to the corresponding 2020 period. The increase in 2021 gross margin was primarily due to the \$869 of CEWS funding the Corporation qualified for in Q1 2021 which was recorded against cost of sales. The increase of gross margin was partially offset by the lower revenue per day.
- For the three month ended March 31, 2021, general and administrative expenses were \$997 down \$145 (13%) from \$1,142 as compared to the corresponding 2020 period. The 2020 decrease in general and administrative expenses was as a result of the Corporations cost cutting initiatives implemented in March 2020. Cost cutting initiatives included reduced headcount, salary roll backs and elimination of all discretionary spending. The decrease in general and administrative expenses was partially offset by higher share based payments during Q1 2021 due to a stock option grant in March 2021.
- As a result of the increased 2021 operating days, corresponding revenue and increase in gross margin, Adjusted EBITDA and net income for the three month ended March 31, 2021 were \$3,917 and \$2,408, respectively. Adjusted EBITDA was up 1,333 (52%) from 2,584, and net income was up \$1,273 (112%) from \$1,135 from the 2020 corresponding period.

EXPENSES

General and Administrative Expenses

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Administrative expenses	355	302	18%
Salaries and benefits	376	643	(42%)
Share-based payments	185	95	95%
Depreciation	81	102	(21%)
Total general and administrative expenses	997	1,142	(13%)

nm - not meaningful

Total general and administrative expenses for the three month period ended March 31, 2021 was \$997, a decrease of \$145 (13%) from \$1,142 for the comparative 2020 period. The primary reason for the overall decrease was related to the 42% decrease in salaries and benefits expenses due to the Corporations cost cutting initiatives implemented in March 2020 as a result of the 2020 price commodities price collapse and decrease in crude oil demand related to the COVID-19 pandemic.

The following key cost and discretionary spending plan adjustments were implemented in March 2020:

- Reduction of personnel costs consisting of salary reductions, layoffs and job sharing.
- 18% to 36% reduction to Executive cash compensation.
- 100% reduction to Board of Directors cash compensation.

For the three months ended March 31, 2021, the Corporation also recorded \$63 against salaries and benefit expenses related to the CEWS.

For the three months ended March 31, 2021 administrative expenses were \$355, up \$53 (18%) from \$302 for the comparative 2020 period. The increase was primarily due to an increase in the estimate for allowance for doubtful accounts for bad debt expense under IFRS 9. The Corporation has not incurred any actual bad debt expenses in 2020 and 2021.

Share-based payments expense for the three month period ended March 31, 2021 relates to the expense of stock options issued to directors, officers and employees of the Corporation. Stock option expense fluctuates based on the share price of grants during the year, expiries and forfeitures of options and the effects of vesting. In March 2021 the corporation granted 3,555 stock options which was the reason for the increase as compared to prior period. The Corporation did not grant any stock options in 2020. At the date of this MD&A, 9,198 stock options and 132,091 common shares were outstanding.

Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's leases under IFRS 16, Leases which was adopted January 1, 2019. For the three month period ended March 31, 2021, depreciation of right-of-use assets expense was \$81, down \$21 (21%) from \$102 for the corresponding 2020 period related to new negotiated terms regarding a lease extension signed in Q4 2020.

Depreciation of Property and Equipment

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Depreciation expense	1,070	1,090	(2%)

Depreciation expense for the three month period ended March 31, 2021 was \$1,070, a decrease of \$20 (2%) from \$1,090 as compared to the corresponding 2020 period. The slight decrease was related to the \$720 asset write down taken at December 31, 2020.

Other Items

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Gain from equipment lost in hole	39	-	nm
Finance costs	(183)	(221)	(17%)
Other income	6	24	(75%)
Foreign exchange loss	(35)	35	(200%)
Other items	(173)	(162)	7%

nm - not meaningful

In Q1 2021, the Corporation recorded a gain of \$39 related to equipment lost downhole. The timing of lost-in-hole recoveries is not within the control of the Corporation and therefore can fluctuate significantly from period to period.

For the three month period ended March 31, 2021, finance costs were \$183, down \$38 (17%) from \$221 as compared to the corresponding 2020 period. The decrease in finance costs was related to a lower balance on the Corporation's Demand Facility during Q1 2021 as compared to the corresponding period in 2020.

Other income in Q1 2021 is related to the sale of scrap metal during the period. For the corresponding 2020 period, other income was comprised of rent collections from the Corporation's subleases. For the three month period ended March 31, 2021, other income was \$6, down \$18 (75%) from \$24 as compared to the corresponding 2020 period.

SUMMARY OF QUARTERLY RESULTS

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

(000's CAD \$)	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Continuing operations								
Revenue	11,861	2,515	714	275	10,890	6,705	5,910	3,319
Gross margin ⁽¹⁾	4,648	1,019	184	133	3,529	2,116	1,790	931
Net income (loss) - continuing operations	2,408	(2,386)	(1,633)	(1,878)	1,135	(104)	(705)	(1,649)
Basic per share	0.02	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.01)	(0.01)
Diluted per share					0.01			
Adjusted EBITDA ⁽¹⁾	3,917	479	(269)	(417)	2,584	1,139	682	(122)
Combined operations ⁽²⁾								
Revenue	11,861	2,515	714	275	10,890	6,705	5,910	3,321
Gross margin ⁽¹⁾	4,648	1,019	184	133	3,529	2,116	1,790	898
Net income (loss)	2,408	(2,386)	(1,633)	(1,878)	1,135	(154)	(724)	(1,408)
Basic per share	0.02	(0.01)	(0.01)	(0.01)	0.01	(0.00)	(0.01)	(0.01)
Diluted per share	0.02	(0.01)	0.01	0.01	0.01	0.00	0.01	0.01
Adjusted EBITDA ⁽¹⁾	3,917	479	(269)	(417)	2,584	1,056	682	(177)
Working capital	(2,941)	(5,811)	(7,396)	(7,372)	(6,729)	(8,241)	(4,423)	(2,509)
Total assets	52,298	47,784	46,845	47,180	53,665	53,182	51,165	47,433

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

⁽²⁾ On April 3, 2019, the Corporation announced the discontinuation of its directional drilling division. As part of this process, the Corporation presented the results of the directional drilling operations using the guidance under "IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations", as discontinued operations on the condensed consolidated statements of comprehensive income and the condensed consolidated statements of cash flows for the comparative periods. During the second quarter of 2019, the Corporation disposed of its directional drilling assets to an independent, third-party purchaser.

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.

CAPITAL PROGRAM

In Q1 2021 the Corporation spent \$793 on capital expenditures for confirmed drilling programs with its customers. As commodity pricing for oil and gas steadily improves, the Corporation remains cautious with regards to forecasted drilling activity for the remainder of 2021. In the event market conditions continue to improve, any additional capital spending by the Corporation for the remainder of 2021 will continue to be based on confirmed work with its customers.

As of the date of this MD&A, the Corporation is committed to \$826 of capital.

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.

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Cash provided by (used in) combined operations:			
Operating activities	692	3,178	(78%)
Investing activities	(580)	(2,357)	(75%)
Financing activities	(155)	(504)	(69%)
Increase (decrease) in cash and cash equivalents	(43)	317	(114%)

Cash Flows from Operating Activities

For the three month ended March 31, 2021, cash flows from operating activities was \$692, down \$2,486 (78%) from \$3,178 compared to the corresponding 2020 period. The overall decrease was primarily related to the decrease in changes in non-cash working capital, the decrease was partially offset by the increase in Q1 2021 net income.

Cash Flows from Investing Activities

For the three month period ended March 31, 2021, cash flows used in investing activities was \$580, down \$1,777 (75%) from \$2,357 compared to the corresponding 2020 period. The overall decrease was primarily related to the increase in changes in non-cash working capital, partially offset by the \$793 in purchases of property and equipment in Q1 2021.

Cash Flows from Financing Activities

For the three month period ended March 31, 2021, cash flows used in financing activities was \$155, down \$349 (69%) from \$504 compared to the corresponding 2020 period. The decrease in financing activities is related to lower interest payments on debt and lower debt repayments on the Corporation's Demand Facility.

Loans and Borrowings

Demand Operating Revolving Loan Facility ("Demand Facility")

On December 20, 2018, the Corporation established the Demand Facility with HSBC Bank of Canada ("HSBC") 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 HSBC or another third party.

The Demand Facility bears interest at the lender's prime rate plus 85 basis points and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation.

On November 30, 2020, the Corporation amended the Demand Facility, which included the following amended covenant thresholds:

EBITDA per the Demand Facility is calculated as net income plus interest expense, income taxes, depreciation and amortization, other non-cash charges, transaction costs not to exceed \$1,500, cash dividends, and losses attributable to minority equity investments, less non-cash gains, and income attributable to minority equity investments:

1. Interest Coverage is calculated as the ratio of EBITDA as at such date to interest expense 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.

Revised Net Funded Debt/EBITDA Covenants

- as at the fiscal quarter end March 31, 2021, permit EBITDA, calculated using EBITDA for such fiscal quarter end, to be less than \$200;
- as at the fiscal quarter end June 30, 2021, permit EBITDA, calculated using EBITDA for such fiscal quarter end, to be less than negative \$600;
- as at the fiscal quarter end September 30, 2021, permit EBITDA, calculated using EBITDA for such fiscal quarter end, to be less than \$200; and
- as at the fiscal quarter end December 31, 2021, permit EBITDA, calculated using EBITDA for such fiscal quarter end, to be less than \$650.

Revised trailing twelve month Interest Coverage Ratio

- as at fiscal quarter ends March 31, 2021 and September 30, 2021, permit the Interest Coverage Ratio, calculated using Interest Expense and EBITDA for the applicable fiscal quarter end, to be less than 1.00:1.00;
- 2Q21, waived;
- as at fiscal quarter end December 31, 2021, permit the Interest Coverage Ratio, calculated using Interest Expense and EBITDA for such fiscal quarter end, to be less than 3.00:1.00;

As at March 31, 2021, the amended Demand Facility is subject to the following financial covenants:

	Covenant	March 31, 2021
Interest Coverage Ratio ⁽¹⁾	1.00:1.00 or more	24.11:1.00
Net Funded Debt to EBITDA Ratio ⁽²⁾	EBITDA test of \$200 or more	\$3,829

Subsequent to December 31, 2021 the debt covenants related to the Demand Facility will revert back to the following original ratios:

	Covenant
Interest Coverage Ratio ⁽¹⁾	3.00:1.00 or more
Net Funded Debt to EBITDA Ratio ⁽²⁾	3.00:1.00 or less

As at March 31, 2021, \$8,267 (December 31, 2020 - \$8,260) was drawn on the Demand Facility and the Corporation was in compliance with all covenants related to its Demand Facility.

Convertible debentures

	Number of convertible debentures	Liability component (\$,000)	Equity component (\$,000)
Balance at December 31, 2020	2,612	2,530	265
Accretion of discount	-	82	-
Liability revaluation adjustment	-	(130)	-
Equity revaluation adjustment	-	-	(219)
Balance at December 31, 2020	2,612	2,482	46
Balance at December 31, 2020	2,612	2,482	46
Accretion of discount	-	18	-
Balance at March 31, 2021	2,612	2,500	46

COMMITMENTS

The following table reflects the Corporation's commitments as of March 31, 2021:

(000's CAD \$)	2021	2022	2023	2024	2025	2026
Operating loan	8,267	-	-	-	-	-
Convertible debenture repayment	-	-	2,612	-	-	-
Convertible debenture interest	196	261	218	-	-	-
BDC Facility	100	400	1,500	-	-	-
BDC Facility interest	68	78	47	-	-	-
Lease obligations	294	175	114	114	19	-
Trade and other payables	3,499	-	-	-	-	-
Total	12,424	914	4,491	114	19	-

As of the date of this MD&A the Corporation has committed \$826 related to capital expenditures.

OFF-BALANCE SHEET ARRANGEMENTS

During the first three months of 2021 and the corresponding period in 2020, the Corporation had no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Credit Risk

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

IFRS 9 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.

The loss allowance provision for trade accounts receivable as at March 31, 2021 reconciles to the opening loss allowance provision as follows:

At December 31, 2020	59
Increase in credit loss allowance	87
As at March 31, 2021	146

Credit risk arises from the potential that one or more counterparties fail to meet their obligations. The Corporation is normally exposed to credit risk through its accounts receivable balances. The Corporation manages credit risk by assessing the creditworthiness of its customers before providing services and on an ongoing basis, as well as monitoring the amount and age of balances outstanding. The Corporation views credit risks on its accounts receivable as normal for the industry. Substantially all of the Corporation's cash and cash equivalents are held by high credit quality financial institutions.

For the three month period ended March 31, 2021, the Corporation had four customers that comprised 35%, 16%, 15% and 10% of total revenue, compared to five customers that comprised 18%, 13%, 12%, 11% and 11% of total revenue for the period ended March 31, 2020.

For the accounts receivable balances outstanding at March 31, 2021, the Corporation had two customers that comprised 42% and 27% of the total balance as compared two customers that comprised 43% and 19% of the total balance at December 31, 2020.

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

	March 31, 2021	December 31, 2020
Within 30 days	2,956	956
31 to 60 days	4,046	985
61 to 90 days	600	583
Over 90 days	294	48
Accrued accounts receivable	419	337
Other receivables	167	557
Allowance for doubtful accounts	(146)	(59)
Accounts receivable	8,336	3,407

As at March 31, 2021, approximately 3.5% of the Corporation's total accounts receivable balance was over 90 days. The Corporation's provision for uncollectible accounts are based on historical loss experience and is adjusted for forward looking estimates based on current and future economic conditions using internal and externally sourced data.

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 March 31, 2021, the Corporation had negative working capital of \$2,941 (December 31, 2020 – negative \$5,811). 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:

	March 31, 2021	December 31, 2020
Accounts payable	2,485	974
Accrued liabilities	796	364
Total current accounts payable and accrued liabilities	3,281	1,338
Other liabilities	218	230
Total accounts payable, accrued liabilities and other liabilities	3,499	1,568

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.

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 three month period ended March 31, 2021, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased by \$21. 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, Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the BDC Facility approximates its carrying amount as the BDC Facility has a floating interest rate. At March 31, 2021, 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.

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.

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Net income	2,408	1,135	112%
Depreciation	1,151	1,192	(3%)
Finance costs	183	221	(17%)
Other income	(6)	(24)	(75%)
Gain from equipment lost in hole	(39)	-	nm
Share-based payments	185	95	95%
Foreign exchange gain (loss)	35	(35)	(200%)
Adjusted EBITDA	3,917	2,584	52%

nm - not meaningful

- (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.

(000's CAD \$)	Three months ended March 31,		
	2021	2020	% Change
Income from operations	3,578	2,439	47%
Depreciation of property and equipment	1,070	1,090	(2%)
Gross margin	4,648	3,529	32%
Gross margin %	39%	32%	22%

nm - not meaningful

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", "should", "believe", "predict", and "forecast" are intended to identify forward-looking information.

This MD&A contains forward-looking information pertaining to, among other things: expectations associated with the Corporation's outlook, including among other things, the impacts of COVID-19 and expectations and responses related thereto, anticipated commodity pricing and related expectations, demand for oil, expected capital spending of the Corporation's customers, the impacts of mergers and acquisitions in the industry, and the Corporation's performance and safety record and expectations related thereto; the timing and impacts of lost-in-hole recoveries; the expected effects of seasonality and weather on the Corporation's operations and business; the Corporation's expectations regarding expansion opportunities; expectations relating to the Corporation's capital program, including expected responses to COVID-19, commodity pricing and market conditions; the Corporation's liquidity and capital resource needs, including the belief that the Corporation's principal sources of liquidity, its operating cash flows, operating loan and debt and equity financings will be sufficient to service its debt and fund its operations and other strategic opportunities as well as expectations regarding the management of its liquidity risk; expected future contractual commitments; the Corporation's treatment and categorization of doubtful accounts and expectations regarding credit loss rates based on its past experiences and expectations in respect of certain receivables; the Corporation's assessment of its customers' creditworthiness; the Corporation's expectations that its financial risk management policies will ensure that all payables are paid within the pre-agreed credit terms; and the Corporation's expectations relating to market risk, among others.

Forward-looking information is presented in this MD&A for the purpose of assisting investors and others in understanding certain key elements of the Corporation's financial results and business plan, as well as the objectives, strategic priorities and business outlook of the Corporation, and in obtaining a better understanding of the Corporation's anticipated operating environment. Readers are cautioned that such forward-looking information may not be appropriate for other purposes.

Forward-looking information, by its very nature, is subject to inherent risks and uncertainties and is based on many assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from the expectations of the Corporation expressed in or implied by such forward-looking information and that the Corporation's business outlook, objectives, plans and strategic priorities may not be achieved. Macro-economic conditions, including public health concerns (including the impact of the COVID-19 pandemic) and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry, and the ongoing significant volatility in world markets may adversely impact drilling and completions programs, which could materially adversely impact the Corporation. In addition to other factors and assumptions which may be identified in this MD&A, assumptions have been made regarding, among other things: the condition of the global economy, including trade, public health (including the impact of the COVID-19 pandemic) and other geopolitical risks; the stability of the economic and political environment in which the Corporation operates; the effect the stabilization of global crude prices will have on drilling and completion activities in Western Canada; the success of the measures implemented by the Corporation to protect its field and office employees and the ability to ensure business continuity at the same time; the creditworthiness of the Corporation's customers; the effectiveness of the Corporation's financial risk management policies at ensuring all payables are paid within the pre-agreed credit terms; the ability of the Corporation to retain qualified staff; the ability of the Corporation to obtain financing on acceptable terms; the impact of increasing competition; the ability to protect and maintain the Corporation's intellectual property; currency, exchange and interest rates; the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully implement key cost and discretionary spending plan adjustments. Actual results and future events could differ materially from those expected or estimated in such forward-looking information. As a result, the Corporation cannot guarantee that any forward-looking information will materialize and we caution you against relying on any of this forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional information on these and other factors are disclosed under the heading "Risks and Uncertainties" herein, in the Corporation's management's discussion and analysis and annual information form each dated March 24, 2021, and in other reports filed with the securities regulatory authorities in Canada from time to time and available on SEDAR (sedar.com).

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. For further information, please contact:

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