Management's Discussion & Analysis

Stampede Drilling Inc.

For the three months and year ended December 31, 2021

(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, 2021

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the December 31, 2021 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, 2021. 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 contains references to the following measures not in accordance with IFRS ("Non-GAAP and other financial measures"): Gross margin, Gross Margin Percentage, Adjusted EBITDA and Working Capital. Refer to the “Non-GAAP and other financial measures” section for a full discussion on management’s use of non-GAAP and other financial measures including, where applicable, reconciliations to the most directly comparable IFRS measure.

This MD&A is dated March 24, 2022 and is in respect of the three months and year ended December 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

	Three months ended December 31,			Twelve months ended December 31,			
(000’s CAD $ except per share amounts)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**	**2019**
Revenue	9,180	2,515	265%	32,163	14,394	123%	23,697
Direct operating expenses	6,011	1,496	302%	20,135	9,529	111%	15,500
Gross margin [1]	3,169	1,019	211%	12,028	4,865	147%	8,197
Net income (loss)	372	(2,386)	116%	2,852	(4,042)	171%	(1,247)
Basic income (loss) per share	0.00	(0.01)	nm	0.02	(0.03)	nm	(0.01)
Diluted income (loss) per share	0.00	(0.01)	nm	0.02	(0.03)	nm	(0.01)
Adjusted EBITDA [1]	1,949	479	(307%)	8,361	2,377	252%	4,126
Weighted average common shares outstanding	132,171	132,046	0%	132,171	132,046	0%	131,851
Weighted average diluted common shares outstanding	144,972	132,046	10%	144,972	132,046	10%	131,851
Capital expenditures	2,667	4	nm	4,086	709	476%	9,580
Average active rig count	10	10	nm	10	10	nm	10
Drilling rig utilization[2]	47%	12%	292%	44%	19%	132%	34%
CAOEC industry average utilization[3]	29%	16%	81%	25%	16%	56%	22%

nm - not meaningful

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

[2] Drilling rig utilization is calculated based on operating days (spud to rig release)

[3] Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary. The CAOEC industry average is based on Operating Days divided by total available drilling days.

	As at December 31,		
(000's CAD $)	**2021**	**2020**	**% Change**
Current assets	7,651	4,197	82%
Total assets	50,755	47,784	6%
Total current liabilities	10,129	10,008	1%
Total non-current liabilities	4,447	5,005	(11%)
Shareholders' equity	36,179	32,771	10%

DESCRIPTION OF STAMPEDE'S BUSINESS

Stampede is an energy services company that provides premier contract drilling services in Western Canada. Stampede operates a fleet of 10 telescopic double drilling rigs suited for most formations within the WCSB. The Corporation's head office is located in Calgary, Alberta with operations based out of Nisku, Alberta and Estevan, Saskatchewan. The Corporation's shares trade on the TSX Venture Exchange under the symbol "SDI".

In 2021, Stampede operated in the provinces of Alberta, Saskatchewan and Manitoba.

2021 OPERATIONAL OVERVIEW

In 2021, Stampede recorded its highest ever annual adjusted EBITDA of $8,361 and net income of $2,852. These record numbers were driven by revenue of $32,163, which was an increase of 123% over 2020.

The turnaround in commodity prices that began in Q4 2020, and continued through 2021, was driven by short-term production cuts by Saudi Arabia and OPEC+ combined with lower producer capital expenditures and a renewed optimism for rising energy demand due to the successful roll-out of worldwide COVID-19 vaccination programs.

While industry demand did recover slightly in 2021, Stampede's utilization rate of 44% was 81% higher than the CAOEC industry average utilization rate of 25% for the same corresponding period. Stampede's superior utilization rates were a direct result of continued successful expansion of its customer base.

The Corporation continued to maintain a strong focus on safety, culture and performance. In addition to the usual industry safety programs, Stampede proactively advanced new programs to tackle the safety challenges associated with the COVID–19 pandemic to ensure the health and safety of all its personnel. The focus of the Corporation is safe, efficient and reliable operations at each of its drilling sites and management is very pleased with the results achieved to date.

OUTLOOK

Stampede's strong 2021 results continued into 2022, with all 10 of our marketable rigs being fully crewed and operational during the first quarter, Stampede is anticipating that minimal reactivation costs will offset expected inflationary increases in operational costs. With crude hitting 7-year highs, producers are seeing increased cash flows from their operations. Stampede's 2022 outlook remains positive as our client's financial positions continue to improve and the increasing forward curve for commodities provides further confidence for capital expenditure increases.

The Canadian market is tightening, and Stampede's customers are looking to secure equipment and crews to ensure the success of their 2022 capital programs. Availability of labour continues to be a significant concern for all service providers, and we are strongly focused on retaining existing staff and attracting new talent.

As previously announced on January 4, 2022, Stampede entered into an agreement with a well-established private Alberta based company ("AlbertaCo") to combine Stampede's extensive drilling operations experience with AlbertaCo's technology of E-line coil tubing directional tools, tool deployment system, integrated drilling control systems, pumping systems, automated live wellbore modeling system, coil tubing injectors and reels.

Stampede believes the agreement will enhance the Corporation's strategy in the provision of industry leading services for ESG extraction of hydrocarbons from bypassed reserves, low pressure reservoirs, and extend the reach of underbalanced short radius wells using through-tubing re-entry drilling applications in the future. Beta testing on the new underbalanced coil drilling rig and related technology is expected to be completed by the end of the second quarter in 2022.

The Corporation will continue to focus on maintaining financial resiliency, in order to best position the Corporation for organic and acquisition growth.

RESULTS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021

	Twelve months ended December 31,		
(000's CAD $ except operating days)	**2021**	**2020**	**% Change**
Revenue	32,163	14,394	123%
Direct operating expenses	20,135	9,529	111%
Gross margin [(1)]	12,028	4,865	147%
Gross margin %[(1)]	37%	34%	9%
Net income (loss)	2,852	(4,042)	171%
General and administrative expenses	4,503	3,101	45%
Adjusted EBITDA [(1)]	8,361	2,377	252%
Drilling rig operating days[(2)]	1,620	681	138%
Drilling rig revenue per day[(3)]	19.8	21.1	(6%)
Drilling rig utilization[(4)]	44%	19%	132%
CAOEC industry average utilization[(5)]	25%	16%	56%

nm - not meaningful

[(1)] Refer to "Non-GAAP and Other Financial Measures" for further information.

[(2)] Defined as contract drilling days, between spud to rig release

[(3)] Drilling rig revenue per day is calculated by revenue divided by drilling rig operating days

[(4)] Drilling rig utilization is calculated based on operating days (spud to rig release)

[(5)] Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary.

- **Revenue of $32,163** – an increase of $17,769 (123%) as compared to the corresponding 2020 period. The increase was primarily due to increased customer activity levels, expansion of the Corporation's customer base and related increased drilling activity. Crude oil and liquids pricing reached historic lows in the prior year comparative period, which resulted in production shut-ins and minimal drilling activity. The Corporation had a total of 1,620 operating days in 2021, an increase of 939 (138%) from 681 operating days in 2020. The Corporation's drilling rig utilization for 2021 was 44%, which was a 132% increase from the corresponding 2020 period and 81% higher than the CAOEC industry average utilization rate for 2021 of 25%. Revenue for the period was partially offset due to lower revenue per day which was primarily due to increased market pricing pressures earlier in the year as compared to the corresponding 2020 period.
- **Net income attributable to shareholders of $2,852** – an increase of $6,894 (171%) as compared to a net loss of $4,042 in 2020. The higher net income was primarily related to higher adjusted EBITDA for the year described below and no further write down of assets in 2021.
- **Adjusted EBITDA of $8,361** – an increase of $5,984 (252%) as compared to $2,377 for the corresponding 2020 period. The increase is primarily due to the increase in drilling activity in 2021 as compared to 2020.
- **Gross margin percentage of 37%** - an increase of 11% as compared to 34% for the corresponding 2020 period. The increase is primarily due to the $2,056 (2020: $451) of the Canada Emergency Wage Subsidy ("CEWS") funding the Corporation qualified for during 2021 which was recorded against cost of sales and partially offset by lower revenue per day.
- **General and administrative expenses of $4,503** – an increase of $1,402 (45%) compared to $3,101 for the corresponding 2020 period. The increase is primarily related to the elimination of the Corporation's 2020 salary roll backs for its employees and its board of directors on April 1, 2021. The Corporation also incurred increased overall administration expenses due to the increased 2021 activity as compared to prior year which included an increase in headcount. For the year ended December 31, 2021, the Corporation recorded $114 (2020 - $64) as a reduction of general and administrative expenses related to the Canada Emergency Rent Subsidy program.

EXPENSES

General and Administrative Expenses

(000's CAD $)	Twelve months ended December 31, 2021	2020	% Change
Administrative expenses	1,492	972	53%
Salaries and benefits	2,175	1,516	43%
Share-based payments	515	214	141%
Depreciation of right-of-use assets	321	399	(20%)
Total general and administrative expenses	4,503	3,101	45%

nm - not meaningful

- **Administrative expenses of $1,492** - an increase of $520 (53%) from $972 for the corresponding 2020 period. The increase in administrative expenses is primarily related to the overall increase in operational activity in 2021 as compared to 2020.
- **Salaries and benefits of $2,175** - an increase of $659 (43%) from $1,516 for the corresponding 2020 period. The increase was primarily related to an increase in headcount in 2021 to meet the increased operational activity and the elimination of salary roll backs for its employees and its board of directors as at April 1, 2021. The Corporation recorded $263 (2020 - $460) against salaries and benefit expenses related to the CEWS.
- **Share-based payments expense of $515** – an increase of $301 (141%) from $214 for the corresponding 2020 period. Share based payments 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 and forfeitures of options and the effects of vesting. In March 2021 the Corporation granted 3,555 stock options which was the primary 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, 8,817 stock options and 132,171 common shares were outstanding.
- **Depreciation of right-of-use assets of $321** – a decrease of $78 (20%) from $399 for the corresponding 2020 period. Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's leases. The decrease was related to new negotiated terms regarding a lease extension signed in Q4 2020.

Depreciation of Property and Equipment

(000's CAD $)	Twelve months ended December 31, 2021	2020	% Change
Depreciation of property and equipment	4,165	4,439	(6%)

Depreciation expense of $4,165 – a decrease of $274 (6%) from $4,439 for the corresponding 2020 period. The decrease is primarily related to a lower depreciable cost base.

Other Income (Expenses)

(000's CAD $)	Twelve months ended December 31, 2021	2020	% Change
Gain on extinguishment of convertible debenture	-	84	nm
Write-down of property and equipment	-	(720)	nm
Gain on asset disposals	301	-	nm
Finance costs	(670)	(687)	(2%)
Other income	101	56	80%
Foreign exchange gain (loss)	(30)	(24)	nm
Transaction costs	(210)	(76)	176%
Total other income (expenses)	(508)	(1,367)	(63%)

nm - not meaningful

For the year ended December 31, 2021, the Corporation recorded a gain of $301 related to asset disposals. The timing of asset disposals is not within the control of the Corporation and therefore can fluctuate significantly from period to period.

For the year ended December 31, 2021, finance costs were $670, down $17 (2%) from $687 as compared to the corresponding 2020 period. The decrease in finance costs was related to a lower average balance on the Corporation's Demand Facility during 2021 as compared to the corresponding period in 2020.

For the year ended December 31, 2021, other income was $101, up $45 (80%) from $56 as compared to the corresponding 2020 period. Other income 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 which have all expired.

For the year ended December 31, 2021, transaction costs were $210, up $134 (176%) from $76 as compared to the corresponding 2020 period. Transaction costs in 2021 were primarily non-capitalizable legal costs related to various merger and acquisition opportunities throughout the year.

SUMMARY OF QUARTERLY RESULTS

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

	2021				2020			
(000's CAD $)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**9,180**	6,482	4,640	11,861	2,515	714	275	10,890
Net income (loss)	**372**	225	(153)	2,408	(2,386)	(1,633)	(1,878)	1,135
Basic net income (loss) per share	**0.00**	0.00	(0.00)	0.02	(0.01)	(0.01)	(0.01)	0.01
Diluted net income (loss) per share	**0.00**	0.00	(0.00)	0.02	(0.01)	(0.01)	(0.01)	0.01
Total assets	**50,755**	50,626	48,780	52,298	47,784	46,845	47,180	53,665

As illustrated above, quarterly performance is affected by seasonal variation; however, with Corporation's historical growth and acquisitions, and fluctuating commodity prices impacting industry activity, variations in quarterly results are attributable to several other factors as well.

The rapid and dramatic decline in crude oil prices at the end of the first quarter of 2020 resulting from oil demand destruction caused by COVID-19 and over supply concerns stemming from failed negotiations between OPEC+ countries on production curtailments began to have an additional adverse impact on the Corporation's results in March 2020 and resulted in negative quarter over quarter variances throughout 2020. As commodity prices began to recover from the historical lows, producers increased capital spending and corresponding drilling activity in Western Canada throughout 2021 as commodity prices continued to rise and COVID-19 restrictions began to ease.

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 Western Canada. 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.

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

	Three months ended December 31,		
(000's CAD $ except per day amounts)	**2021**	**2020**	**% Change**
Drilling rig revenue	9,180	2,515	265%
Direct operating expenses	6,011	1,496	302%
Gross margin (1)	3,169	1,019	211%
Gross margin %(1)	35%	41%	(15%)
Net income (loss)	372	(2,386)	116%
General and administrative expenses	1,488	653	128%
Adjusted EBITDA (1)	1,949	479	(307%)
Drilling rig operating days(2)	434	114	281%
Drilling rig revenue per day(3)	21.2	22.0	(4%)
Drilling rig utilization(4)	47%	12%	292%
CAOEC industry average utilization(5)	29%	16%	81%

nm - not meaningful

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

(2) Defined as contract drilling days, between spud to rig release

(3) Drilling rig revenue per day is calculated by revenue divided by drilling rig operating days

(4) Drilling rig utilization is calculated based on operating days (spud to rig release)

(5) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary.

- **Revenue of $9,180** – an increase of $6,665 (265%) as compared to corresponding 2020 period. The increase was primarily due to increased operating days and more customers drilling late December in Q4 2021. The Corporation had a total of 434 operating days for the three months ended December 31, 2021, an increase of 320 (281%) from 114 as compared to the corresponding 2020 period. The Corporation's drilling rig utilization for Q4 2021 was 47%, which was a 292% increase from the corresponding 2020 period and 60% higher than the Q4 2021 CAOEC industry average utilization rate of 29%.
- **Net Income attributable to shareholders of $372** – an increase of $2,758 (116%) as compared to a net loss of $2,386 for the corresponding 2020 period. The higher net income was primarily related to higher adjusted EBITDA for the year described below and no further write down of assets in 2021. The Corporation recorded a $720 write down of assets in Q4 2020.
- **Adjusted EBITDA of $1,949** – an increase of $1,470 (307%) as compared to $479 for the corresponding 2020 period. The increase is primarily due to the increase in drilling activity and corresponding operating days in Q4 2021 as compared to 2020.
- **Gross margin of 35%** - a decrease of 6% as compared to 41% for the corresponding 2020 period. The increase is primarily due to the cancellation of the CEWS program early in Q4 2021. The Corporation recorded $55 as a reduction in operating costs for the three months ended December 2021 as compared to $336 for the corresponding 2020 period.
- **General and administrative expenses of $1,488** – an increase of $835 (128%) compared to $653 for the corresponding 2020 period. The increase is primarily related to the elimination of the Corporation's 2020 salary roll backs for its employees and its board of directors on April 1, 2021, and increased headcount. For the year ended December 31, 2021, the Corporation recorded $9 (2020 - $129) as a reduction of general and administrative expenses related to the Canada Emergency Rent Subsidy program.

CAPITAL PROGRAM

In 2021 the Corporation spent a total of $4,086 in capital spending. The 2021 capital spending was primarily related upgrades and recertifications of the Corporations equipment and the purchase of replacement drilling pipe. As commodity pricing for oil and gas continues to improve, the Corporation will remain committed to maintaining strength in its balance sheet allowing for future organic growth and accretive acquisitions.

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.

	Twelve months ended December 31,		
(000's CAD $)	**2021**	**2020**	**% Change**
Cash provided by (used in):			
Operating activities	6,092	4,889	25%
Investing activities	(3,832)	(5,315)	(28%)
Financing activities	(2,276)	786	(390%)
Increase (decrease) in cash and cash equivalents	(16)	360	(104%)

Cash Flows from Operating Activities

For the year ended December 31, 2021, cash flows from operating activities was $6,092 up $1,203 (25%) from $4,889 compared to the corresponding 2020 period. The increase is primarily related to the increase in 2021 net income as compared to 2020 and partially offset by a reduction in non-cash working capital items.

Cash Flows used in Investing Activities

For the year ended December 31, 2021, cash flows used in investing activities was $3,832, a decrease of $1,483 (28%) from $5,315 for the corresponding 2020 period. The decrease is primarily related to the decrease in changes in non-cash working capital partially offset by an increase in capital spending. The Corporation spent $4,086 in property and equipment, up $581 (17%) from $3,505 compared to the corresponding 2020 period.

Cash Flows from Financing Activities

For the year ended December 31, 2021, cash flows used in financing activities was $2,276, up $3,062 (390%) compared to $786 of cash inflows for the corresponding 2020 period. The primary reason for the increase was due to repayment of debt regarding the Corporation's Demand Facility of $1,262 as compared to $222 for the corresponding 2020 period. This amount was partially offset by a cash inflow of $2,000 in 2020 related to the Corporation's loan from the Business Development Bank of Canada.

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 the Bank 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, including the adjustments to, and suspension of the debt covenants thresholds commencing on December 31, 2020. On October 4, 2021, due to improved financial conditions, the Corporation, reverted to the original Demand Facility and the following covenants:
As at December 31, 2021, the Demand Facility was subject to the following financial covenants:

	Covenant	December 31, 2021
Fixed Charge Coverage Ratio (1)	2.50:1.00 or more	11.14:1.00
Net Funded Debt to EBITDA Ratio (2)	3.00:1.00 or less	0.88:1.00

EBITDA is calculated as net income plus interest expense, income taxes, depreciation and amortization, other noncash 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. EBITDA shall be calculated on a trailing twelve-month basis:

1. Fixed Charge Coverage Ratio is the ratio of (a) EBITDA less cash taxes, including those related to any discretionary management bonus, as at such date to (b) Interest Expense plus the total of all payments of principal on debt, capital leases and obligations under the Credit Facilities including, in each case, payments under leases and off-balance Sheet arrangements and with respect to the BDC Loan.
2. Net Funded Debt to EBITDA ratio 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, 2021, $6,998 (December 31, 2021 - $8,260) was drawn on the Demand Facility and the Corporation was in compliance with all covenants.

Business Development Bank of Canada ("BDC Loan").

In conjunction with the amending credit agreement on November 30, 2020, the Corporation entered into a loan facility in an amount of up to $2,000 with the BDC ("BDC Facility"). The BDC Facility has an interest rate equal to BDC's floating base rate, currently at 4.55% and a maturity date of September 1, 2023. The Corporation granted BDC a security interest in all present and after-acquired property, except consumer goods, accounts receivable and inventory. BDC, HSBC and the Corporation have also entered into a priority agreement, whereby the BDC security interest is postponed and subordinated to the security interests held by HSBC in the personal property of the Corporation in connection with the BDC Facility.

As at December 31, 2021, the BDC Facility was subject to the following financial covenants:

	Covenant	December 31, 2021
Fixed Charge Coverage Ratio (3)	1.25:1.00 or more	8.20:1.00

EBITDA is calculated as net earnings before income taxes, deferred taxes, Interest Expenses, depreciation, amortization, gains/losses on disposal of assets, other non-cash adjustments presented in the statement of cash flow and all extraordinary items presented as per GAAP financial measures.

1. Fixed Charge Coverage Ratio is the ratio of (a) EBITDA for such period less (i) current income taxes during such period taken from the annual financial statements, (ii) Unfunded Capital Expenditures incurred during the applicable period, (iii) distributions paid during such period; by (b) the sum of (i) Current portion of term debt and (ii) the Interest Expenses for such period.

As at December 31, 2021, the Corporation had drawn $1,900 of the BDC Facility and the Corporation was in compliance with all covenants.

Convertible Debenture

On September 14, 2020, the Corporation received final approval from the TSX Venture Exchange to restructure the terms of its 10.00% convertible unsecured debentures which were issued October 31, 2017.

The following are the terms of the amending agreement that were entered into with all holders of debentures effective as of October 31, 2020:

- the term of the debentures will be extended by three years, such that the debentures will mature in October 2023;
- the conversion price of the debentures will be lowered from $0.49 to $0.21 per common share of Stampede, subject to adjustment in accordance with the terms and conditions of the debentures;
- the Corporation will be able to pay accrued interest in Common Shares based on the average trading price of the Common Shares over the previous 30 trading days (subject to the prior approval from the TSX Venture Exchange); and

- the redemption thresholds in the debentures will be updated, such that the Corporation: (i) may not redeem the debentures prior to October 31, 2021; (ii) may redeem the Debentures on and after October 31, 2021 and prior to October 31, 2022 at the Redemption Price (as defined in the debentures), provided the current market price of the Common Shares is at least 125% of the Conversion Price; and (iii) may redeem the debentures on and after October 31, 2022 at the Redemption Price.

The Corporation has the option to redeem the principal amount of convertible debentures in cash, or alternatively through the issuance of shares, based upon a share price of 95% of the then current market price. Per the debenture agreement, redemption of the convertible debentures by share issuance is not less than 40 days, and not more than 60 days in advance of the redemption date.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of December 31, 2021:

(000's CAD $)	2022	2023	2024	2025	2026
Operating loan	6,998	-	-	-	-
Convertible debenture repayment	-	2,612	-	-	-
Convertible debenture interest	261	218	-	-	-
BDC Facility	400	1,500	-	-	-
BDC Facility interest	85	77	-	-	-
Lease liabilities	175	114	114	19	-
Other liabilities	181	-	-	-	-
Trade and other payables	2,755	-	-	-	-
Total	10,855	4,521	114	19	-

As of the date of this MD&A, the Corporation is committed to $182 of capital related to upgrading of equipment.

OFF-BALANCE SHEET ARRANGEMENTS

During 2021 and 2020, the Corporation had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The key management personnel of the Corporation are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. The key management compensation is as follows:

	Year ended December 31,	
	2021	2020
Short-term employee benefits	1,023	614
Share based payments	203	259
Total key executive management personnel compensation	1,226	873

As at December 31, 2021, the Corporation has $700 (December 31, 2020 - $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, 2020 - $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 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 December 31, 2021 reconciles to the opening loss allowance provision as follows:

At December 31, 2020	59
Increase in credit loss allowance	66
As at December 31, 2021	125

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 year ended December 31, 2021, the Corporation had three customers that comprised 23%, 13% and 11% of total revenue, compared to two customers that comprised 26%, and 21% of total revenue for the year ended December 31, 2020. For the accounts receivable balances outstanding at December 31, 2021, the Corporation had four customers that comprised 30%, 12%, 11% and 10% of the total balance as compared to two customers that comprised 43% and 19% of the total balance at December 31, 2020.

	December 31, 2021	December 31, 2020
Within 30 days	3,628	956
31 to 60 days	1,549	985
61 to 90 days	577	583
Over 90 days	-	48
Accrued accounts receivable	926	337
Other receivables	218	557
Allowance for doubtful accounts	(125)	(59)
Accounts receivable	6,773	3,407

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, 2021, the Corporation had working capital (excluding debt) of $4,920 as compared to $2,549 for the corresponding 2020 period (please refer to "Non-GAPP and other Financial Measures section for further information"). 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, 2021	December 31, 2020
Accounts payable	1,729	974
Accrued liabilities	845	364
Total current accounts payable and accrued liabilities	2,574	1,338
Other liabilities	181	230
Total accounts payable, accrued liabilities and other liabilities	2,755	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 year ended December 31, 2021, 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 $70. 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 Loan approximates it carrying amount as the BDC Loan has a floating interest rate. At December 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.

As at December 31, 2021 and 2020 the fair value of the debentures approximates their carrying value.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income, and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by the Corporation are believed to be reasonable under current circumstances, actual results could differ.

The COVID-19 pandemic and current market conditions have increased the complexity of estimates and assumptions used to prepare the annual consolidated financial statements, particularly related to recoverable amounts.

In addition, the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels could result in a change in assumptions used in determining the recoverable amount and could affect the carrying value of the related assets. The timing in which global energy markets transition from carbon-based sources to alternative energy is highly uncertain.

Changes to assumptions could result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Property and equipment

The Corporation allocates amounts initially recognized as property and equipment to significant component parts. Significant component parts are depreciated based on estimates of useful lives and residual value. Useful lives and residual values can change as a result of actual usage experience. A change in the useful life or residual value may have an impact on the related depreciation expense. The Corporation reviews the useful lives and estimated residual values of property and equipment at the end of each reporting period.

Impairments

The Corporation assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market capitalization of the Corporation; (ii) changes in operating forecasts, including revenues, utilization rates and operating costs; and (iii) changes in interest rates, are evaluated by management in determining whether there are any indicators of impairment. The Corporation performs impairment tests on property and equipment when impairment indicators exist. For goodwill, the Corporation performs an impairment test, at least annually. Asset impairment tests may also require the estimation of the recoverable amount of the non-financial asset or CGU, which is the higher of its fair value less costs of disposal and its value in use. The determination of recoverable amounts of any given asset is subject to significant estimates regarding such issues as timing and magnitude of cash flows and appropriate discount rates.

Asset impairment tests may also require the estimation of the recoverable amount of the non-financial asset or the CGU group, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on an earnings multiple approach, available data from binding sales transactions conducted at arm's length for similar assets, valuation appraisals, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The Corporation references future cash flows forecasts and appropriate discount rates for the recoverable amount calculations. The forecasts do not include restructuring activities that the Corporation is not yet committed to, or significant future investments that will enhance the performance of the asset or CGU being tested. The recoverable amount is sensitive to cash flow forecasts, the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for cash flow forecasts. These estimates are most relevant to goodwill, property and equipment recognized by the Corporation.

Determination of cash generating units (“CGUs”)

Significant judgement is involved in determining the smallest group of assets that generate independent cash flows. Management has determined the Corporation currently operates one CGU which is land-based contract drilling.

Share-based payments

Share-based payments are subject to fair value estimates using the Black-Scholes model. This model uses significant assumptions such as volatility, interest rates, and expected life.

Accounts receivable

The Corporation is subject to credit risk on accounts receivable balances and assesses the recoverability of accounts receivable using expected credit losses on an ongoing basis. Assessing accounts receivable for impairment involves significant judgement and uncertainty, including estimates of future events. Changes in circumstances underlying these estimates may result in the Corporation recognizing an additional allowance against accounts receivable.

Convertible debentures

The Corporation's debentures are non-derivative financial instruments that create a financial liability for the Corporation and grant an option to the holder of the instrument to convert it into common shares of the Corporation. The issuance of the convertible debentures, and extinguishment of convertible debentures during the year, required management to make estimates to determine the fair value of the liability and equity components. The liability component of the debentures is initially recorded at the fair value of a similar liability that does not have a conversion option. Estimates include the interest rate for debt with similar terms with no conversion feature and includes assumptions about sector risk, entity size, and entity credit quality. The equity component is recognized initially, net of deferred income taxes, as the difference between gross proceeds and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds. Subsequent to initial recognition, the liability component of the debentures is measured at amortized cost using the effective interest method and is accreted each period, such that the carrying value will equal the principal amount outstanding at maturity. The equity component is not re-measured. The carrying amounts of the liability and equity components of the debentures are reclassified to shareholders' capital on conversion to common shares.

RISKS AND UNCERTAINTIES

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.

COVID-19 Impact on Industry Demand and Price of Crude Oil

Stampede's business and operations have been and may continue to be materially adversely affected by the COVID-19 pandemic, including ongoing uncertainty with respect to the extent and duration of the pandemic. The ongoing COVID-19 pandemic and actions that have, and may be, taken by governmental authorities in response thereto has resulted, and may continue to result in, among other things: an overall slowdown in the global economy; a decrease in demand for oilfield services; increased volatility in financial and commodity markets; disruptions to supply chains; labour shortages; significant impacts to the workforce; temporary operational restrictions and restrictions on gatherings of individuals; travel bans; political and economic instability; and civil unrest. The possibility of a resurgence of COVID-19 or the spread of new variants or mutations thereof, may result in the re-imposition of certain of the foregoing restrictions, and may result in further restrictions by governmental authorities in certain jurisdictions in which Stampede operates. This further increases the risk and uncertainty as to the extent and duration of the COVID-19 pandemic and its ultimate impact on crude oil markets and other items noted above.

The risks to Stampede of the ongoing COVID-19 pandemic include, among other things: risks to the health and safety of Stampede's employees; a slowdown or temporary suspension of operations in certain geographic locations in which Stampede operates; additional delays in the completion, or deferral, of certain projects; and supply chain disruptions, all or any of which could materially adversely impact Stampede's business operations and financial results.

The future extent and impact of the COVID-19 pandemic continues to be unknown at this time and the degree to which it may impact Stampede's business operations and financial results will depend on future developments, which are highly uncertain and cannot be predicted with any degree of certainty, including: the duration, severity and geographic spread of the COVID-19 virus and variants and mutations thereof; further actions that may be taken by governmental authorities, including in respect of travel restrictions and business disruptions; and the effectiveness and timing of actions taken to contain and treat the COVID-19 virus and any new variations and mutations thereof, including the vaccines developed in response thereto.

Demand for Services

There are many risks inherent in the oil and natural gas services industry, which may be difficult to overcome even with a combination of experience, knowledge and careful evaluation. The demand, price and terms of drilling rigs are dependent on the level of activity in the industry. Industry conditions impacting activity 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 certain oil producing nations, slowing global or regional economic growth, the outbreak of COVID-19 or other pandemic illness, weakening global relationships, global geopolitical events including the potential invasion of Ukraine by Russia, 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, or to maintain previously obtained permits for such infrastructure or facilities, in order 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 restrict oil and natural gas producers' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the demand for drilling services which can have a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows. If these low commodity price conditions persist for an extended period of time, 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.

Stampede 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 ongoing COVID-19 global pandemic is one example of such an illness. The Corporation complies with all applicable government public health and safety laws, regulations, orders and restrictions, including, without limitation, public health orders and industrial hygiene and occupational health guidelines. Stampede continues to ensure appropriate medical services are in place and that pandemic management protocols are added or revised, as necessary, to ensure the Corporation’s continued compliance with applicable laws, regulations and orders and to ensure the health and safety of its employees. There can be no assurance that COVID-19 or another infectious disease or 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, the COVID-19 global pandemic), civil unrest (including the most recent protests and border 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 (including those associated with climate change) 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 31, 2021, the Government of Alberta's *Curtailment Rules*, which were originally implemented in 2018, expired. No curtailments had been in effect under the *Curtailment Rules* since December 2020. To the extent that any similar legislation comes into effect in the future to curtail oil production and such curtailment impacts 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.

Alberta is subject to two carbon pricing regimes: the federally imposed fuel charge in accordance with the Greenhouse Gas Pollution Pricing Act ("**GGPPA**"); and the Alberta *Technology Innovation and Emissions Reduction* ("**TIER**") regulation. The GGPPA, which applies to smaller emitters that purchase fuels that produces GHGs, took effect in Alberta on January 1, 2020. The fuel charge will increase to $50/tonne on April 1, 2022 in accordance with the GGPPA and, beginning in 2023, it will increase $15/tonne per year until it reaches $170/tonne in 2030. On December 4, 2019, the federal government approved Alberta's proposed TIER regulation so the regulation of emissions from heavy industry remains subject to provincial regulation. The TIER regulation came into effect on January 1, 2020.

The TIER regulation 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 was to reduce emissions intensity by 10% as measured against that facility's individual benchmark, 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. 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 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. The Alberta Court of Appeal decision was also appealed to the Supreme Court of Canada. The Alberta, Saskatchewan and Ontario reference cases were heard together by the Supreme Court of Canada on September 22, 2020. Each of Saskatchewan, Ontario and Alberta participated in the scheduled hearing, along with the Attorneys General of Quebec, New Brunswick, Manitoba and British Columbia and various other interested parties. On March 25, 2021, the Supreme Court of Canada found that carbon pollution knows no boundaries and that the Government of Canada has the authority to address it by applying a price on carbon pollution in jurisdictions that do not have their own system that meets minimum national stringency standards.

The federal *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* ("**Federal Methane Regulations**"), which require reduction of fugitive and vented gas emissions from the upstream oil and gas sector, came into force on January 1, 2020. The federal government reported on the effectiveness of the Federal Methane Regulations in December 2021 and confirmed that the stringency of the Federal Methane Regulations will increase. The federal government has committed to reducing oil and gas methane emissions by at least 75% below 2012 levels by 2030 and expects to release draft regulations to implement this commitment in early 2023. The Federal Methane Regulations may impose additional costs on the operations of the Corporation's customers.

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.

Stampede'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.

Joint Ownership

Stampede has entered into a joint venture relationship with AlbertaCo whereby Stampede and AlbertaCo each hold a 50 percent ownership interest in the newly created subsidiary through which the joint venture will be carried on. While Stampede believes that there are prudent governance and other contractual rights in place, there can be no assurance that the Corporation will not encounter disputes with joint owners or that assets contributed to the joint venture will perform as expected. Such events could impact operations or cash flows of these assets or cause them to not operate as Stampede expects which, in turn, could have a negative impact on Stampede's business operations and financial results, and could reduce the Corporation's expected return on investment.

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 significant 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 significant 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 & Repair Risks

Stampede frequently upgrades its rigs and other equipment used in its operations. The Corporation estimates the cost and timeline of the construction in relation to such upgrades. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation: changes in input costs (including inflation); 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 its 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. Stampede will need to remain 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 tools, equipment or technology it has developed independently. 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 that of Stampede, thereby adversely affecting the Corporation's competitive advantage. 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 the business, financial condition, results of operations and cash flows ofStampede.

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, with any degree of certainty, 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, including its senior management and directors in respect of the governance, administration and management of all matters relating to the Corporation and its operations and administration. Further, Stampede may, at times, not be able to find enough skilled labour to meet its needs, which could limit its growth. 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 affect 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 Stampede 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. 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 Drilling Ltd. and Red Dog Drilling Inc. assets, 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 throughout 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. If the Corporation's revenues and cash flow decline as a result of decreased activity levels, it may be required to 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 the Corporation’s 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 impacts 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 and operations.

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 manage growth effectively 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, and by the presence and level of activity of short sellers in the equity markets. 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, including as a result of climate change. 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 and consistent with industry practice, 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. Stampede's safety performance is continuously monitored at all levels of the Corporation, including at the Board level. A decline in Stampede'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 the Corporation'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 mitigates 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. Additionally, remote working arrangements during the COVID-19 pandemic may result in increased cyber-security risk exposure. Unauthorized access to the Corporation's information technology 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 2021 with no material changes. There is no assurance that the amounts available to the Corporation under the 2018 Credit Facility will 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, unless a waiver from compliance with these ratios and restrictive covenants, or an amendment thereto, is obtained from HSBC Bank Canada when and as required. 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

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 and BDC loan. 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. The full impact of the new Canada–United States–Mexico Agreement, which replaced the North American Free Trade Agreement and became law in July 2020, the election of the new administration in the United States in 2021 and the United Kingdom's exit from the European Union continues to develop. In January 2021, the new U.S. administration rescinded the permits for the Keystone XL pipeline owned and operated by TC Energy Corporation, which would have transported Canadian heavy oil to the Gulf Coast of Texas for processing. These actions and any others which may be taken by the new 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, some North American and European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, vaccine and other COVID-19 mandates and restrictions, 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 the government in British Columbia opposed the project and attempted to regulate the transport of heavy oil products into and through British Columbia. 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. The Trans Mountain Pipeline expansion project has been approved by the federal government and the courts and construction is currently underway. However, disputes remain between provincial, Indigenous 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 liberal minority Government was re-elected in 2021. 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, some 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, 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 GHGs which require the Corporation to comply with federal and/or provincial GHG 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, adopted 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 February 21, 2021, 189 of the 197 parties to the convention have joined the Paris Agreement. On November 4, 2020, the United States official withdrew from the Paris Agreement only to rejoin on February 21, 2021 after the inauguration of the new U.S. administration. Most recently, the UN Climate Change Conference held in October/November of 2021 (“COP26”) sought to further expand global climate goals and targets. Given the commitments made by Canada, the Corporation and/or its customers may be subject to significant changes in government policy which could impact its operations and financial condition. In addition, should policies put in place result in permanent, significant reductions in the demand for fossil fuels, commodity prices could be negatively impacted and result in reduced demand for the Corporation’s services. Although these policies could materially impact the Corporation, it is not possible for the Corporation to quantify or estimate such, due to the lack of clarity around policy changes and requirements currently, as well as the timing of the same.

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 has set the carbon tax at $40/tonne in 2021, increasing to $50/tonne in 2022. Pursuant to "A Healthy Environment and a Healthy Economy" ("**New Federal Climate Plan**") after 2022, the carbon price will rise by $15 a year to $170 in 2030. 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 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 imposed on the purchase of GHG emitting fuels. In 2021 the price per tonne of CO2 equivalent GHG emissions was set at $40/tonne, and will increase to $50/tonne in 2022. Starting in 2023 the price per tonne of CO2 equivalent GHG emissions will increase by $15/tonne per year until it reaches $170/tonne in 2030. The New Federal Climate Plan indicates the federal government will review the standard for adequacy of provincial carbon pricing measures under the GGPPA. This may result in the GGPPA applying more broadly to the provinces and territories.

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. If, due to climate change, sustained higher temperatures shorten the winter season, the Corporation's business may be impacted negatively as those geographic areas that require winter access may be accessible for a shorter period per year. 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. The application was denied, as was the group's appeal to the Quebec Court of 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 currently 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 are no longer 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; (ii) cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (iii) expend significant resources to develop or acquire non-infringing intellectual property; (iv) discontinue processes incorporating infringing technology; or (v) obtain licenses to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licenses 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

The Corporation’s future growth plans may contemplate establishing operations in 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A contains references to (i) Adjusted EBITDA, (ii) Gross margin (iii) Gross margin percentage and Working capital (excluding debt). 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 asset disposals, 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 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.

The following table reconciles the Corporation's net income (loss), being the most directly comparable financial measure disclosed in the Corporation's Annual Financial Statements, to adjusted EBITDA:

	Three months ended December 31,			Twelve months ended December 31,			
(000's CAD $)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**	**2019**
Net income (loss)	372	(2,386)	116%	2,852	(4,042)	171%	(1,247)
Depreciation	1,122	1,922	(42%)	4,486	4,838	(7%)	4,274
Write-down of property and equipment	-	720	(100%)	-	720	(100%)	-
Finance costs	161	143	13%	670	687	(2%)	684
Other income	(93)	(4)	2,225%	(101)	(56)	80%	(123)
Gain on asset disposals	-	-	nm	(301)	-	nm	(27)
Share-based payments	187	19	884%	515	214	141%	428
Transaction costs	210	41	nm	210	76	176%	156
Foreign exchange gain (loss)	(10)	24	(142%)	30	24	nm	(19)
Gain on extinguishment of convertible debenture	-	-	nm	-	(84)	nm	-
Adjusted EBITDA	1,949	479	(307%)	8,361	2,377	252%	4,126

nm - not meaningful

(ii) **Gross margin** - is defined as "gross profit from services revenue from operations before 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) 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.

(iii) **Gross margin percentage** - is calculated as gross margin divided by revenue. The Corporation believes gross margin as a percentage of revenue is an important measure to determine how the Corporation is managing its revenues and corresponding cost of sales.

The following table reconciles the Corporation's net income (loss) from operations, being the most directly comparable financial measure disclosed in the Corporation's Annual Financial Statements, to gross margin:

	Three months ended December 31,			Twelve months ended December 31,			
(000's CAD $)	**2021**	**2020**	**% Change**	**2021**	**2020**	**% Change**	**2019**
Income (loss) from operations	2,128	(89)	nm	7,863	426	1,746%	4,206
Depreciation of property and equipment	1,041	1,108	(6%)	4,165	4,439	(6%)	3,991
Gross margin	3,169	1,019	211%	12,028	4,865	147%	8,197
Gross margin %	35%	41%	(15%)	37%	34%	9%	35%

nm - not meaningful

(iv) **Working capital (excluding debt)** - is calculated based on total current assets less total current liabilities excluding current debt. The Corporation monitors working capital and 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.

	December 31, 2021	**December 31, 2020**	**December 31, 2019**
Total current assets:	7,652	4,197	7,958
Total current liabilities	(10,130)	(10,008)	(16,199)
Add back current portion of debt			
Operating loan	6,998	8,260	8,482
BDC Loan	400	100	-
Convertible debentures	-	-	2,530
Working capital (excluding debt)	4,920	2,549	2,771

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: expectations associated with the Corporation's outlook, including among other things, anticipated reactivation costs, improvements in the financial positions of the Corporation's customers, expectations about industry activities, the forecasted increase in the capital expenditure of the Corporation's customers, the anticipated benefits of the Corporation's agreement with AlbertaCo and the expected timing for the completion of beta testing of equipment connected therewith; expectations regarding the recoverability of carrying value of spare parts; growth opportunities; the effects of seasonality and weather on the Corporation's operations and business; the Corporation's continued evaluation of ESG opportunities; the Corporation's liquidity and capital resource needs; management's ability to effectively evaluate the Corporation's liquidity risk on an ongoing basis; 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; and the Corporation's assessment of its customers' creditworthiness.

Forward-looking information is based on certain assumptions that Stampede has made in respect thereof as at the date of this MD&A regarding, among other things: the Corporation's anticipation that it will have the ability to adjust its capital structure by issuing new equity or debt, disposing of assets and making adjustments to its operating expenditures and capital expenditure program; that the Corporation's principal sources of liquidity will be sufficient to fund its operations and other strategic opportunities; that the Corporation has adequate access to its demand loan facility to provide the necessary liquidity needed to manage fluctuations in the timing of receipt and/or disbursement of operating cash flows; that the Corporation's financial risk management policies will ensure that all payables are paid within the pre-agreed credit terms; the belief that Adjusted EBITDA is a useful supplemental financial measure; 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 creditworthiness of the Corporation's customers; the ability of the Corporation to retain qualified staff; the ability of the Corporation to obtain financing on acceptable terms; the ability to protect and maintain the Corporation's intellectual property; and the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Corporation operates.

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.

While Stampede believes the expectations and material factors and assumptions reflected in the forward-looking information is reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct. Forward-looking information is not a guarantee of future performance and actual results or events could differ materially from the expectations of the Corporation expressed in or implied by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information is subject to a number of known and unknown risks and uncertainties including, but not limited to: 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 related commodity prices; other commodity prices; the ongoing significant volatility in world markets and the resulting impact on drilling and completions programs; the impact of increasing competition; fluctuations in operating results; currency, exchange and interest rates; labour and material shortages; cyber security risks; natural catastrophes; and certain other risks and uncertainties detailed under the heading "Risks and Uncertainties" herein, in the Corporation's AIF dated March 24, 2022, for the year ended December 31, 2021 and from time to time in Stampede's public disclosure documents available at www.sedar.com.

This list of risk factors should not be construed as exhaustive. Readers are cautioned that events or circumstances could cause actual results to differ materially from those predicted, forecasted, or projected. 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.