Management's Discussion & Analysis

Stampede Drilling Inc.

For the three month periods ended March 31, 2022 and 2021

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2022

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”), December 31, 2021 annual MD&A and the annual information form (“AIF”) for the year ended December 31, 2021, as well as the condensed unaudited consolidated interim financial statements and notes for the three month period ended March 31, 2022 and 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 number of drilling rigs, and operating days, or unless otherwise noted.

This MD&A is dated May 12, 2022 and is in respect of the three month periods ended March 31, 2022.

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 March 31,		
(000’s CAD $ except per share amounts)	**2022**	**2021**	**% Change**
Revenue	14,568	11,861	23%
Direct operating expenses	9,568	7,213	33%
Gross margin (1)	5,000	4,648	8%
Net income	2,322	2,408	(4%)
Basic and diluted income per share	0.02	0.02	nm
Adjusted EBITDA (1)	3,757	3,917	(4%)
Weighted average common shares outstanding	132,171	132,091	0%
Weighted average diluted common shares outstanding	146,559	144,529	1%
Capital expenditures	1,653	793	108%
Average active rig count	10	10	nm
Drilling rig utilization	71%	68%	4%
CAOEC industry average utilization(2)	38%	27%	41%

nm - not meaningful

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

(2) 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 March 31,		
(000’s CAD $)	**2022**	**2021**	**% Change**
Current assets	8,358	9,111	(8%)
Total assets	63,218	52,298	21%
Total current liabilities	12,102	12,052	0%
Total non-current liabilities	4,321	4,856	(11%)
Shareholders' equity	46,795	35,390	32%

DESCRIPTION OF STAMPEDE'S BUSINESS

Stampede is an energy services company that currently provides premier contract drilling services in Western Canada. Stampede operates a fleet of 13 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".

FIRST QUARTER 2021 OPERATIONAL HIGHLIGHTS

The Corporation recorded it's highest ever quarterly revenue of $14,568 in Q1 2022, up $2,707 (23%) from $11,861 in Q1 2021. This was primarily driven by a drilling rig utilization of 71%, which was a 4% increase from Q1 2021 and 87% higher than the CAOEC industry average utilization rate of 38%.

The Corporation did not record any Canada Emergency Wage Subsidy ("CEWS") during the quarter as compared to $896 for the corresponding 2021 period. In accordance with its accounting policy, the Corporation recorded it's 2021 CEWS subsidy as a reduction of cost of sales. As a result, Adjusted EBITDA of $3,757, was down $160 (4%) from $3,917 from Q1 2021 and net income of $2,322, was down $86 (4%) from $2,408 from Q1 2021.

As previously announced on January 4, 2022, the Corporation has entered into a business arrangement with a well-established private Alberta based company ("AlbertaCo") specializing in the engineering, manufacturing and supply of fully integrated under balanced coil drilling rigs ("UBC Drilling Rigs") and corresponding support equipment for the oil and gas industry worldwide. The business will be carried on through a newly formed subsidiary 2391764 Alberta Ltd. ("UBC Drillco") to be managed and operated by Stampede. UBC Drillco has completed the fabrication of one UBC Drilling Rig. The Corporation believes that this business venture will enhance Stampede's strategy in the provision of industry leading services for ESG extraction of hydrocarbons from bypassed reserves, low pressure reservoirs and extend the reach in underbalanced short radius wells through-tubing re-entry drilling applications in the future. Management is pleased with the initial beta testing of the UBC Drilling Rig and related technology and anticipates completion of beta testing by the end of the second half of 2022.

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. With the addition of the previously announced April 19, 2022 acquisition of three additional telescopic double drilling rigs, Stampede looks to continue to build on its record breaking first quarter revenue growth into the second half of 2022. With crude hitting 8-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.

As the Canadian market continues to tighten, 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.

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 THREE MONTH PERIOD ENDED MARCH 31, 2022

	Three months ended March 31,		
(000's CAD $ except operating days)	**2022**	**2021**	**% Change**
Revenue	14,568	11,861	23%
Direct operating expenses	9,568	7,213	33%
Gross margin[1]	5,000	4,648	8%
Gross margin %[1]	34%	39%	(13%)
Net income	2,322	2,408	(4%)
General and administrative expenses	1,372	997	38%
Adjusted EBITDA[1]	3,757	3,917	(4%)
Drilling rig operating days[2]	643	607	6%
Drilling rig revenue per day[3]	22.7	19.5	16%
Drilling rig utilization[4]	71%	68%	4%
CAOEC industry average utilization[5]	38%	27%	41%

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 for the three month period ended March 31, 2022 was $14,568, up $2,707 (23%) compared to $11,861 for the corresponding 2021 period. The increase was primarily related to increased customer activity levels and increased day rates with the Corporation's customer base.
- The Corporation had a total of 643 operating days for the three month period ended March 31, 2022, an increase of 36 operating days (6%) from the 607 operating days in the corresponding 2021 period.
- The Corporation's drilling rig utilization for the three month period ended March 31, 2022 was 71%, which was a 6% increase from the corresponding 2021 period and 87% higher than the CAODC industry average utilization rate of 38% for 2021.
- Gross margin for the three month period ended March 31, 2022 was 34%, down (13%) from 39% as compared to the corresponding 2021 period. The gross margin decrease was primarily related to higher rig operating expenses partially offset by the increase in revenue per day. The higher operating expenses were primarily related to an industry wide field wage increase. The Corporation also did not record any Canada Emergency Wage Subsidy ("CEWS") during the quarter as compared to $869 for the corresponding 2021 period. In accordance with its accounting policy, the Corporation recorded it's 2021 CEWS subsidy as a reduction of cost of sales.
- For the three month period ended March 31, 2022, general and administrative expenses were $1,372 up $375 (38%) from $997 as compared to the corresponding 2021 period. The increase is primarily related to increased headcount and compensation and corresponding administration expenses due to the increased 2022 activity levels.
- Adjusted EBITDA for the three months ended March 31, 2022 was $3,757, down $160 (4%) from $3,917 from the corresponding 2021 period. The decrease is primarily related to higher operating costs partially offset by the increase in revenue.
- Net income for the three months ended March 31, 2022 was $2,322, down $86 (4%) from $2,408 from the corresponding 2021 period. The decrease is primarily related to the decrease in Adjusted EBITDA for the period.

EXPENSES

General and Administrative Expenses

	Three months ended March 31,		
(000's CAD $)	2022	2021	% Change
Administrative expenses	564	355	59%
Salaries and benefits	679	376	81%
Share-based payments	86	185	(54%)
Depreciation of right-of-use assets	43	81	(47%)
Total general and administrative expenses	1,372	997	38%

nm - not meaningful

Administrative expenses for the three month period ended March 31, 2022 were $564, an increase of $209 (59%) from $355 for the corresponding 2021 period. The primary reason for the 2022 increase was due to increased headcount and overall operating activity levels.

For the three months ended March 31, 2022, salaries and benefits were $679, up $303 (81%) from $376 as compared to the corresponding 2021 period. The increase is primarily related to increased headcount and compensation expenses due to the increased 2022 activity levels.

Share-based payments expense for the three month period ended March 31, 2022 relates to the expense of stock options issued to directors, officers and employees of the Corporation. Stock option expense fluctuates based on the share price of grants during the year, expiries and forfeitures of options and the effects of vesting. At the date of this MD&A, 8.9 million stock options were outstanding.

Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's leases. For the three month period ended March 31, 2022, depreciation of right-of-use assets expense was $43, down $38 (47%) from $81 for the corresponding 2021 period. The decrease is related to new negotiated terms regarding a lease extension signed in Q4 2021.

Depreciation of Property and Equipment

	Three months ended March 31,		
(000's CAD $)	2022	2021	% Change
Depreciation of property and equipment	1,040	1,070	(3%)

Depreciation expense for the three month period ended March 31, 2022 was $1,040, a decrease of $30 (3%) from $1,070 as compared to the corresponding 2021 period. The decrease is primarily related to a lower depreciable asset base. The 2022 first quarter additions have not yet been placed in use.

Other Income (Expenses)

	Three months ended March 31,		
(000's CAD $)	2022	2021	% Change
Gain on asset disposals	-	39	nm
Finance costs	(185)	(183)	1%
Other income	2	6	(67%)
Foreign exchange gain (loss)	(38)	(35)	9%
Transaction costs	(45)	-	nm
Total other income (expenses)	(266)	(173)	54%

nm - not meaningful

The timing of asset disposals is not within the control of the Corporation and therefore can fluctuate significantly from period to period. The Corporation did not record any asset disposals in Q1 2022.

For the three month period ended March 31, 2022, finance costs were $185, up $2 (1%) from $183 as compared to the corresponding 2021 period. The increase in finance costs was related to a higher average borrowing base on the Corporation's Demand Facility.

The Corporation recorded $45 in transactions costs for the three months ended March 31, 2022. Transaction costs are primarily related non-capitalizable costs related to various merger and acquisition opportunities throughout the period.

SUMMARY OF QUARTERLY RESULTS

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

		2021				2020		
(000's CAD $)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	**14,568**	9,180	6,482	4,640	11,861	2,515	714	275
Net income (loss)	**2,322**	372	225	(153)	2,408	(2,386)	(1,633)	(1,878)
Basic and diluted net income (loss) per share	**0.02**	0.00	0.00	(0.00)	0.02	(0.01)	(0.01)	(0.01)
Total assets	**63,218**	50,755	50,626	48,780	52,298	47,784	46,845	47,180

Seasonality

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

CAPITAL PROGRAM

In 2022 the Corporation has spent a total of $1,653 in capital spending. The capital spending was primarily related to upgrades and recertifications of the Corporation's equipment and the purchase of replacement drilling pipe.

On April 19, 2022, the Corporation announced the completion of the acquisition, from a third party, of three telescopic double drilling rigs, two top drives and ancillary equipment for $5,000. Stampede anticipates an additional $3,000 of incremental capital expenditures during the second quarter of 2022 for recertifications and to upgrade the three Rigs to be consistent with its fleet of modern drilling rigs.

Additionally, the Corporation entered into a new $25,000 credit facility with HSBC Bank Canada (the "Credit Facility"). Stampede will have an available limit of $18,000 under a revolving facility and $7,000 under a term loan (the "Term Loan Facility"). The proceeds of the Term Loan Facility were used to finance the acquisition of the Rigs, with the balance to be used for capital expenditures for its fleet and to repay amounts outstanding under Stampede's current revolving credit facility.

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, operating loan, and debt and equity financings.

	Three months ended March 31,		
(000's CAD $)	**2022**	**2021**	**% Change**
Cash provided by (used in):			
Operating activities	4,259	727	486%
Investing activities	(3,969)	(580)	584%
Financing activities	(337)	(155)	117%
Increase (decrease) in cash and cash equivalents	(47)	(8)	488%

Cash Flows from Operating Activities

For the three month ended March 31, 2022, cash flows from operating activities were $4,259, up $3,532 (486%) from $727 compared to the corresponding 2021 period. The overall increase was primarily related by the increase in non-cash working capital.

Cash Flows from Investing Activities

For the three month period ended March 31, 2022, cash flows used in investing activities were $3,969, up $3,389 (584%) from $580 compared to the corresponding 2021 period. The overall increase is primarily related to the $3,000 investment in equity securities and $1,653 of additions to property and equipment.

Cash Flows from Financing Activities

For the three month period ended March 31, 2022, cash flows used in financing activities were $337, up $182 (117%) from $155 compared to the corresponding 2021 period. The increase in financing activities is primarily related to repayment of $100 in principal and interest payments of the Corporation's BDC Loan.

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.

As at March 31, 2022, the Demand Facility was subject to the following financial covenants:

	Covenant	March 31, 2022	December 31, 2021
Fixed Charge Coverage Ratio (1)	2.50:1.00 or more	9.52:1.00	11.14:1.00
Net Funded Debt to EBITDA Ratio (2)	3.00:1.00 or less	0.88:1.00	0.88:1.00

EBITDA is calculated as net income plus interest expense, income taxes, depreciation and amortization, other non-cash charges, transaction costs not to exceed $1,500, cash dividends, and losses attributable to minority equity investments, less 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 March 31, 2022, $6,925 (December 31, 2020 - $6,998) 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 Loan. The BDC Loan has an interest rate equal to BDC’s floating base rate, currently at 4.85% 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 March 31, 2022, the Corporation had drawn $1,800 of the BDC Facility and the Corporation was in compliance with all covenants related to its BDC Loan.

Convertible Debenture

	Number of convertible debentures	Liability component	Equity component
Balance at January 1, 2020	2,612	2,530	265
Accretion of discount	-	82	-
Liability revaluation adjustment	-	(130)	-
Equity revaluation adjustment	-	-	(219)
Balance at December 31, 2020	2,612	2,482	46
Balance at January 1, 2021	2,612	2,482	46
Accretion of discount	-	50	-
Liability revaluation adjustment	-	-	-
Equity revaluation adjustment	-	-	-
Balance at December 31, 2021	2,612	2,532	46
Balance at January 1, 2022	2,612	2,532	46
Accretion of discount	-	11	-
Liability revaluation adjustment	-	-	-
Equity revaluation adjustment	-	-	-
Balance at March 31, 2022	2,612	2,543	46

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation’s commitments and contractual obligations as of March 31, 2022:

(000’s CAD $)	2022	2023	2024	2025	2026
Demand Facility	6,925	-	-	-	-
Convertible debenture repayment	-	2,612	-	-	-
Convertible debenture interest	261	218	-	-	
BDC Loan	400	1,400	-	-	-
BDC Loan interest	78	47	-	-	-
Lease obligations	175	114	114	19	
Accounts payable and accrued liabilities	4,648	-	-	-	-
Other liabilities	-	170	-	-	-
Total	12,487	4,561	114	19	-

As of the date of this MD&A the Corporation has committed $11,226 related to capital expenditures. This amount includes the $5,000 purchase price for the three rig acquisition announced on April 19, 2022 and the $3,000 in corresponding recertification and upgrades.

OFF-BALANCE SHEET ARRANGEMENTS

During the first three months of 2022 and the corresponding period in 2021, the Corporation had no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Credit Risk

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

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

The loss allowance provision for trade accounts receivable as at March 31, 2022 reconciles to the opening loss allowance provision as follows:

At January 1, 2022	125
Increase in credit loss allowance	28
As at March 31, 2022	153

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

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

For the three month period ended March 31, 2022, the Corporation had five customers that comprised 14%, 14%, 12%, 10% and 10% of total revenue, compared to four customers that comprised 35%, 16%, 15% and 10% of total revenue for the period ended March 31, 2021.

For the accounts receivable balances outstanding as at March 31, 2022, the Corporation had five customers that comprised 20%, 15%, 13%, 10% and 10% of the total balance as compared to four customers that comprised 30%, 12%, 11% and 10% of the total balance as at December 31, 2021.

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

	March 31, 2022	December 31, 2021
Within 30 days	4,962	3,628
31 to 60 days	1,710	1,549
61 to 90 days	146	577
Over 90 days	467	-
Accrued accounts receivable	448	926
Other receivables	-	218
Allowance for doubtful accounts	(153)	(125)
Accounts receivable	7,580	6,773

Liquidity Risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at March 31, 2022, the Corporation had negative working capital of $3,744 (December 31, 2021 – negative $2,478). 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.

Additionally, the Corporation entered into a new credit facility with HSBC Bank Canada (the "Credit Facility"). Under the Credit Facility, which has an initial term of three years. Stampede will have an available limit of $18,000 under a revolving facility and $7,000 under a term loan (the "Term Loan Facility"). The proceeds of the Term Loan Facility were used to finance the April 19, 2022 acquisition announcement, with the balance anticipated to be used for capital expenditures for its fleet and to repay amounts outstanding under Stampede's current revolving credit facility.

The Corporation's accounts payable, accrued liabilities and other liabilities were as follows:

	March 31, 2022	December 31, 2021
Accounts payable	3,729	1,729
Accrued liabilities	919	845
Total current accounts payable and accrued liabilities	4,648	2,574
Other liabilities	170	181
Total accounts payable, accrued liabilities and other liabilities	4,818	2,755

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, commodity and equity prices.

a) Interest Rate Risk:
The Corporation is exposed to interest rate fluctuations on its operating loan facility which bears interest at floating market rates. For the three month period ended March 31, 2022, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased by $24. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

b) Foreign Currency Risk:
The Corporation is exposed to foreign currency fluctuations on its financial instruments in relation to its U.S. dollar-denominated cash, accounts receivable and accounts payable. The Corporation monitors its foreign currency exposure

and attempts to minimize the effect of fluctuations in the U.S. dollar by maintaining appropriate levels of cash and accounts receivable to offset corresponding U.S. dollar denominated accounts payable.

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

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

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

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

The carrying amount of cash and cash equivalents, trade and other receivables, Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the BDC Facility approximates it carrying amount as the BDC Facility has a floating interest rate. At March 31, 2022, 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. The fair value of the investment in equity securities are based on unobservable inputs and are considered a Level 3 fair value instrument.

As at March 31, 2022 and 2021, the fair value of the debentures and investment in equity securities approximates their carrying value..

RISKS AND UNCERTAINTIES

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

NON-GAAP AND OTHER FINACIAL MEASURES

This MD&A contains references to (i) Adjusted EBITDA, (ii) Gross margin (iii) Gross margin percentage and (iv) 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, foreign exchange gain 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.

(000's CAD $)	Three months ended March 31, 2022	2021	% Change
Net income	2,322	2,408	4%
Depreciation	1,083	1,151	(6%)
Finance costs	185	183	1%
Other income	(2)	(6)	(67%)
Gain from equipment lost in hole	-	(39)	nm
Share-based payments	86	185	(54%)
Transaction costs	45	-	nm
Foreign exchange gain	38	35	9%
Adjusted EBITDA	3,757	3,917	4%

nm - not meaningful

(ii) **Gross margin** - is defined as "gross profit from Income from operations before depreciation of property and equipment". 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:

(000's CAD $)	Three months ended March 31, 2022	2021	% Change
Income from operations	3,960	3,578	(11%)
Depreciation of property and equipment	1,040	1,070	(3%)
Gross margin	5,000	4,648	8%
Gross margin %	34%	39%	(13%)

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.

Working Capital (excluding debt)	March 31, 2022	December 31, 2021
Total current assets:	8,358	7,651
Total current liabilities	(12,102)	(10,129)
Add back current portion of debt		
Demand facility	6,925	6,998
BDC Loan	400	400
Working capital (excluding debt)	3,581	4,920

FORWARD-LOOKING INFORMATION

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

This MD&A contains forward-looking information pertaining to, among other things: the Corporation's performance; expectations associated with the Corporation's outlook, including among other things, anticipated commodity pricing, continued 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; plans, strategies and expectations regarding the Corporation's balance sheet, financial resiliency and capital spending; the expected benefits of the Corporation's business venture involving UBC Drillco; the anticipated timing for the completion of beta testing of the UBC Drilling Rig and related technology; the ability of the Corporation to offset costs associated with field wage increases and other inflationary costs through anticipated increases to day rates and the minimization of rig activation costs; expectations relating to the Corporation's capital program, including commodity pricing, forecasted drilling activity and market conditions; anticipated capital expenditures of the Corporation; the Corporation's liquidity and capital resource needs; the expected effects of seasonality and weather on the Corporation's operations and business; expectations regarding the management of the Corporation's liquidity risk; expected future contractual commitments; the Corporation's treatment and categorization of doubtful accounts and expectations regarding credit loss rates based on its past experiences and expectations in respect of certain receivables; expectations relating to credit risk; the Corporation's assessment of its customers' creditworthiness; and the Corporation's expectations relating to market risk.

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 success of the measures implemented by the Corporation to ensure the safe, efficient and reliable operations at each of its drilling sites; the creditworthiness of the Corporation's customers and counterparties; the effectiveness of the Corporation's financial risk management policies at ensuring all payables are paid within the pre-agreed credit terms; that the Corporation has adequate access to its Credit Facility to provide the necessary liquidity needed to manage fluctuations in the timing of receipt and/or disbursement of operating cash flows; the belief that Adjusted EBITDA is a useful supplemental financial measure; the ability of the Corporation to retain qualified staff; the ability of the Corporation to maintain key customers; the ability of the Corporation to obtain financing on acceptable terms; the belief that the Corporation's principal sources of liquidity will be sufficient to service its debt and fund its operations and other strategic opportunities; 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: the condition of the global economy, including trade, inflation, the ongoing conflict in Ukraine and other geopolitical risks; the condition of the crude oil and natural gas industry and related commodity prices; other commodity prices and the potential impact on the Corporation and the industry in which the Corporation operates, including levels of exploration and development activities; the impact of increasing competition; fluctuations in operating results; the ongoing significant volatility in world markets and the resulting impact on drilling and completions programs; foreign currency exchange rates; 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 and in the Corporation's annual management's discussion and analysis and annual information form, each 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.

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