Management's Discussion & Analysis

Stampede Drilling Inc.

For the three and six month periods ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the December 31, 2022 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), December 31, 2022 annual MD&A and the annual information form (“AIF”) for the year ended December 31, 2022, as well as the condensed unaudited consolidated interim financial statements and notes for the three and six month periods ended June 30, 2023 and 2022. 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 July 27, 2023 and is in respect of the three and six month periods ended June 30, 2023.

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, June 30			Six months ended, June 30		
(000’s CAD $ except per share amounts)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Revenue	13,244	8,352	59%	38,942	22,920	70%
Direct operating expenses	9,482	5,996	58%	26,865	15,564	73%
Gross margin (1)	3,762	2,356	60%	12,077	7,356	64%
Net (loss) income	(61)	(457)	(87%)	3,704	1,866	98%
Basic and diluted income per share	(0.00)	(0.00)	-	0.02	0.01	100%
Adjusted EBITDA (1)	2,000	830	141%	7,991	4,587	74%
Funds from operating activities	1,974	840	135%	7,941	4,543	75%
Free cash flow(1)	(2,530)	(9,535)	(73%)	1,563	1,184	32%
Weighted average common shares outstanding	228,590	132,186	73%	226,691	132,178	72%
Weighted average diluted common shares outstanding	228,590	132,186	73%	230,171	147,778	56%
Capital expenditures	4,715	10,016	(53%)	6,956	11,669	(40%)
Number of marketed rigs	19	13	46%	19	13	46%
Drilling rig utilization(2)	29%	36%	(19%)	41%	53%	(23%)
CAOEC industry average utilization(3)	25%	23%	9%	35%	31%	13%

(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 June 30		
(000’s CAD $)	**2023**	**2022**	**% Change**
Current assets	16,002	9,367	71%
Total assets	112,889	73,428	54%
Total current liabilities	18,394	16,647	10%
Total non-current liabilities	9,356	10,394	(10%)
Total equity	85,139	46,387	84%

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 18 telescopic double drilling rigs and 1 high spec triple drilling rig suited for most formations within the Western Canadian Sedimentary Basin (“WCSB”). The Corporation’s head office is located in Calgary, Alberta with operations based out of Nisku, Alberta and Estevan, Saskatchewan. The Corporation’s common shares trade on the TSX Venture Exchange under the symbol “SDI”.

SECOND QUARTER 2023 OPERATIONAL HIGHLIGHTS

For the three months ended June 30, 2023, the Corporation recorded:

- Revenue was $13,244, up $4,892 (59%) compared to $8,352 for the corresponding 2022 period.
- Adjusted EBITDA[(1)] for the three month period ended June 30, 2023 was $2,000, up $1,170 (141%) compared to $830 for the corresponding 2022 period.
- Net loss[(1)] for the three month period ended June 30, 2023 was $61, down $396 (87%) compared to a net loss of $457 for the corresponding 2022 period.

The Corporation’s results were driven by higher operating days and higher revenue per day partially offset by higher operating expenses and general and administrative expenses. Total operating days in the quarter were 508, up 169 (50%) from the 339 operating days in the corresponding period of 2022. The increase in operating days was the result of an increase in the number of marketable rigs through acquisitions over the past nine months. The Corporation currently has 19 marketable rigs as compared to 13 for the corresponding 2022 period.

Total revenue per day of $26.1 was up $1.5 (6%) from the revenue per day of $24.6 in the corresponding period of 2022. Revenue per day increased due to increased customer demand and flow through field labour charges to our customers.

OUTLOOK

Stampede is anticipating continued commodity volatility throughout the remainder of 2023 due to current macroeconomic influences. Despite the anticipated volatility, Stampede is forecasting to continue its strong utilization and day rates for its fleet of 19 rigs for the back half of 2023. Coming out of spring breakup, Stampede was able to carry forward its first quarter momentum with 14 of our rigs firing up late May and early June and is forecasting again to be an industry utilization leader in Western Canada. Access to qualified field labour will continue to be an industry wide challenge for the remainder of 2023, however management has proven their ability to attract and crew qualified field hands since Stampede’s inception.

Stampede ended Q2 2023 with a debt to EBITDA of under 1x and will continue to focus on maintaining its strong balance sheet and corresponding low debt levels. The Corporation will continue to align all levels of compensation and G&A spending to ensure shareholder value and alignment.

The Corporation will continue to assess capital allocations on its recently announced normal course issuer bid, acquisition opportunities and capital expenditures to further enhance customer desirability of its current fleet in 2023 while earning positive returns for our Shareholders.

RESULTS FROM OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Revenue	38,942	22,920	70%
Direct operating expenses	26,865	15,564	73%
Gross margin[1]	12,077	7,356	64%
Gross margin %[1]	31%	32%	(3%)
Net income	3,704	1,866	98%
General and administrative expenses	4,864	2,976	63%
Adjusted EBITDA[1]	7,991	4,587	74%
Drilling rig operating days[2]	1,426	983	45%
Drilling rig revenue per day[3]	27.3	23.3	17%
Drilling rig utilization[4]	41%	53%	(23%)
CAOEC industry average utilization[5]	35%	31%	13%

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. The CAOEC industry average is based on Operating Days divided by total available drilling days.

- **Revenue of $38,942** – an increase of $16,022 (70%) compared to $22,920 for the corresponding 2022 period. The increase was primarily related to the addition of 9 drilling rigs to the Corporation's fleet throughout 2022, combined with increased revenue per day due to increased customer demand and flow through field labour charges to our customers.
- **Operating days of 1,426** – an increase of 443 operating days (45%) from the 983 operating days in the corresponding 2022 period. Operating days increased as a result of higher demand along with the increase in rig count compared to the prior period. Drilling rig utilization for the six month period ended June 30, 2023 was 41%, which was a 23% decrease from the corresponding 2022 period and 17% higher than the CAOEC industry average utilization rate of 35% for the six month period ended June 30, 2023.
- **Gross margin percentage of 31%** – a decrease of 1% from 32% as compared to the corresponding 2022 period. The gross margin decrease was primarily related to higher rig operating expenses due to inflationary pressures and labour costs, partially offset by the increase in revenue per day.
- **Adjusted EBITDA of $7,991** – an increase of $3,404 (74%) from $4,587 from the corresponding 2022 period. The increase is primarily related to higher revenue due to increased revenue per day and partially offset by higher operating expenses and general and administrative expenses.
- **Net income of $3,704** – an increase of $1,838 (98%) from $1,866 from the corresponding 2022 period. The increase is primarily related to increased operating days and revenue per day and partially offset by higher operating expenses, general and administrative expenses, and finance costs.
- **General and administrative expenses of $4,864** – an increase of $1,888 (63%) from $2,976 compared to the corresponding 2022 period. The increase is primarily related to the Corporation's increased headcount and administration expenses due to the increased activity levels.

EXPENSES

General and Administrative Expenses

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Administrative expenses	1,540	1,188	30%
Salaries and benefits	2,546	1,581	61%
Share-based payments	562	115	389%
Depreciation of right-of-use assets	216	92	135%
Total general and administrative expenses	4,864	2,976	63%

Administrative expenses of $1,540 – an increase of $352 (30%) from $1,188 for the corresponding 2022 period. The increase is primarily driven by increased professional fees relating to consulting and implementation fees.

- **Salaries and benefits of $2,546 –** an increase of $965 (61%) from $1,581 as compared to the corresponding 2022 period. The increase is primarily related to increased headcount and compensation expenses due to the increased activity levels.
- **Share-based payments expense of $562** – an increase of $447 (389%) from $115 as compared to the corresponding period of 2022. The increase primarily relates to the issuance of 1,970 stock options in the second quarter 2023. Stock option expense fluctuates based on the grant date stock option valuation, expiries and forfeitures of options and the effects of vesting.
- **Depreciation of right-of-use assets of $216** – an increase of $124 (135%) from $92 for the corresponding 2022 period. The increase is related to a new shop lease entered into during the third quarter of 2022 partially offset by a vehicle lease ending during the second quarter of 2023.

Depreciation of Property and Equipment

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Depreciation of property and equipment	3,143	2,062	52%

- **Depreciation of property and equipment of $3,143** – an increase of $1,081 (52%) from $2,062 as compared to the corresponding 2022 period. The increase is primarily due to a higher depreciable asset base as a result of the rig asset acquisitions that occurred during 2022.

Other Income (Expenses)

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Gain on asset disposals	565	-	nm
Finance costs	(902)	(409)	121%
Other income	3	7	(57%)
Foreign exchange (loss)	(3)	(24)	(88%)
Transaction costs	(29)	(26)	12%
Total other expenses	(366)	(452)	(19%)

nm - not meaningful

- **Gain on asset disposals of $565** – an increase of $565 compared to $0 recorded in the corresponding period of 2022. The gain was related to lost in hole equipment. The timing of asset disposals can fluctuate significantly from period to period.
- **Finance costs of $902** – an increase of $493 (121%) from $409 in the corresponding 2022 period. The increase in finance costs was related to a higher average borrowing base and increased prime interest rates on the Corporation's variable prime rate debts.
- **Transaction costs of $29** – a decrease of $3 (12%) from $26 in the corresponding period of 2022. Transaction costs are primarily non-capitalizable costs related to acquisitions 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:

	2023		2022				2021	
(000's CAD $)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	13,244	25,697	23,238	20,722	8,352	14,568	9,180	6,482
Net (loss)income	(61)	3,765	3,483	2,865	(457)	2,322	372	225
Basic and diluted net income (loss) per share	(0.00)	0.02	0.02	0.02	(0.00)	0.01	0.00	0.00
Total assets	112,889	113,211	108,280	106,205	73,248	63,218	50,755	50,626

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

As commodity prices began to recover from the historical lows in 2020, oil and gas 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. In 2022 as a result of strong commodity pricing, the Corporation was able to purchase an additional 9 rigs, increasing its fleet marketable of rigs to 19. The Corporation purchased the rigs using debt and from an equity raise in August 2022. As a result of the increased number of rigs the Corporation was able to increase the number of operating days which improved most of the Corporation's financial metrics such as revenue, adjusted EBITDA and net income in late 2022 and into 2023.

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 second 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 JUNE 30, 2023

	Three months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Revenue	13,244	8,352	59%
Direct operating expenses	9,482	5,996	58%
Gross margin[1]	3,762	2,356	60%
Gross margin %[1]	28%	28%	0%
Net loss	(61)	(457)	(87%)
General and administrative expenses	2,214	1,603	38%
Adjusted EBITDA[1]	2,000	830	141%
Drilling rig operating days[2]	508	339	50%
Drilling rig revenue per day[3]	26.1	24.6	6%
Drilling rig utilization[4]	29%	36%	(19%)
CAOEC industry average utilization[5]	25%	23%	9%

[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. The CAOEC industry average is based on Operating Days divided by total available drilling days.

- **Revenue of $13,244** – an increase of $4,892 (59%) compared to $8,352 for the corresponding 2022 period. The increase was primarily related to the addition of 9 drilling rigs to the Corporation's fleet throughout 2022, combined with increased revenue per day due to increased customer demand and flow through field labour charges to our customers.
- **Operating days of 508** – an increase of 169 operating days (50%) from the 339 operating days in the corresponding 2022 period. Operating days increased as a result of higher demand along with the increase in rig count compared to the prior period. Drilling rig utilization for the three month period ended June 30, 2023 was 29%, which was a 19% decrease from 36% in the corresponding 2022 period and 16% higher than the CAOEC industry average utilization rate of 25% for the second quarter of 2023.

- **Gross margin percentage of 28%** – remained the same at 28% as compared to the corresponding 2022 period.
- **Adjusted EBITDA of $2,000** – an increase of $1,170 (141%) from $830 in the corresponding 2022 period. The increase is primarily related to higher revenue due to increased revenue per day and partially offset by higher operating expenses and general and administrative expenses.
- **Net loss of $61** – a decrease of $396 (87%) from net loss of $457 in the corresponding 2022 period. The decrease is primarily related to increased operating days and revenue per day and partially offset by higher operating expenses, general and administrative expenses, and finance costs.
- **General and administrative expenses of $2,214** – an increase of $611 (38%) from $1,603 compared to the corresponding 2022 period. The increase is primarily related to increased headcount and administration expenses due to the increased activity levels.

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 Demand Facility, the Term Loan, the BDC Loan (as defined below) and debt and equity financings.

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Cash provided by (used in):			
Operating activities	6,388	4,436	44%
Investing activities	(6,629)	(11,844)	(44%)
Financing activities	219	7,380	(97%)
Increase (decrease) in cash	(22)	(28)	(21%)

Cash Flows from Operating Activities

	Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**
Funds from operating activities	7,941	4,543	75%
Changes in non-cash working capital balances	(1,553)	(107)	1,351%
Net cash flows from operating activities	6,388	4,436	44%

For the six month period ended June 30, 2023, funds from operating activities were $7,941, up $3,398 (75%) from $4,543 in the corresponding 2022 period. The increase in funds from operating activities was primarily a result of a $1,838 (98%) increase in net income for the six months ended June 30, 2023 as compared to the corresponding 2022 period.

For the six month period ended June 30, 2023, net cash flows from operating activities were $6,388, up $1,952 (44%) from $4,436 in the corresponding 2022 period. The overall increase was a result of the increase in funds from operating activities, partially offset by changes in non-cash working capital.

As at June 30, 2023, the Corporation had total net working capital (excluding debt) of $8,593 compared to $6,778 at December 31, 2022. Refer to the "Non-GAAP and Other Financial Measures" section in this MD&A for how this measure is calculated.

Cash Flows used in Investing Activities

(000's CAD $)	Six months ended, June 30 2023	2022	% Change
Capital expenditures:			
Growth capital	3,380	8,958	(62%)
Maintenance and sustaining capital	3,576	2,711	32%
Total capital expenditures	6,956	11,669	(40%)
Proceeds from the disposition of property and equipment	(605)	-	nm
Investment in equity securities	-	3,000	nm
Changes in non-cash working capital balances	278	(2,825)	(110%)
Cash flows used in investing activities	6,629	11,844	-44%

nm - not meaningful

Refer to supplementary financial measures for details on total capital expenditures

For the six month period ended June 30, 2023, cash flows used in investing activities were $6,629, down $5,215 (44%) from $11,844 in the corresponding 2022 period.

For the six month period ended June 30, 2023, the Corporation invested $3,380 in growth capital, compared to $8,958 in the corresponding period of 2022. Growth capital relates to equipment upgrades to improve the operating efficiency and marketability of the drilling rigs.

For the six month period ended June 30, 2023, the Corporation invested $3,576 in maintenance and sustaining capital, compared to $2,711 in the corresponding period of 2022. Maintenance and sustaining capital for the period primarily consisted of the purchase of replacement drill pipe and other drilling rig capital on existing rig assets.

Cash Flows from (used in) Financing Activities

For the six month period ended June 30, 2023, cash flows from financing activities were $219, down $7,161 (97%) from $7,380 in the corresponding 2022 period. The decrease in financing activities is primarily related to the amendments of the Demand Facility and corresponding addition of the Corporation's new $7,000 Term Loan in the corresponding 2022 period.

Loans and Borrowings

Demand Facility

On August 23, 2022, the Corporation amended the Demand Facility with HSBC which provides for a total credit capacity of up to, but not exceeding, a maximum of $22,500 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) The lesser of (a) 50% of net book value of the capital assets of the Credit Parties, subject to the limitations, and (b) 50% of the net orderly liquidation value of the capital assets and equipment for the Credit Parties located in Canada and the United States of America; less
(iv) Potential Prior Ranking Claims: less
(v) 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 the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to EBITDA and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation.

As at June 30, 2023, the Demand Facility was subject to the following financial covenants:

	Covenant	June 30, 2023	December 31, 2022
Fixed Charge Coverage Ratio [1]	1.50:1.00 or more	7.25:1.00	4.25:1.00
Net Funded Debt to EBITDA Ratio [2]	3.00:1.00 or less	0.99:1.00	1.12:1.00

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 June 30, 2023, $10,054 (December 31, 2022 - $6,794) was drawn on the Demand Facility and the Corporation was in compliance with all covenants.

Term Loan

In conjunction with amending the Demand Facility on August 23, 2022, the Corporation entered into a loan facility in an amount of up to $10,000 with HSBC. The Term Loan has an interest rate equal to the lenders prime rate plus the applicable margin rate.

The Term Loan matures on April 19, 2025, and bears interest at the lender's prime rate plus the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to EBITDA and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation. The Term Loan is subject to the same covenants as described for the Demand Facility above.

As at June 30, 2023, a total of $9,167 was outstanding on the Term Loan and $126 in unamortized debt issuance costs. The amount of the Term Loan excluding unamortized debt issuance costs due within one year is $931 and $8,110 is due beyond one year. As at June 30, 2023, 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 Business Development Bank of Canada (the "BDC Loan"). The BDC Loan has an interest rate equal to BDC's floating base rate, which at June 30, 2023 was 8.80% 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 Loan. The BDC Loan is subject to maintaining a fixed charge coverage ratio of greater than 1.25:1.00.

During the second quarter, the Corporation repaid the outstanding BDC Loan principal and interest before the loan maturity date on September 1, 2023. At this time, the BDC loan facility has been terminated.

Long term debt of the Corporation, excluding the Demand Facility and convertible debentures which are classified as current liabilities is as follows:

	June 30, 2023	December 31, 2022
BDC Loan	-	1,500
Term Loan	9,167	9,667
Less: unamortized debt issuance costs	(126)	(161)
Long term debt	9,041	11,006
Long term debt due within one year	931	2,431
Long term debt due beyond one year	8,110	8,575

Convertible Debenture

During the six months ended June 30, 2023, all of the remaining convertible debentures were converted into common shares of the Corporation at a conversion price of $0.21.

	Number of convertible debentures	Liability component	Equity component
Balance at December 31, 2022	2,412	2,380	43
Conversion of convertible debentures	(2,412)	(2,380)	(43)
Balance at June 30, 2023	-	-	-

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of June 30, 2023:

(000's CAD $)	2023	2024	2025	2026	2027
Demand Facility	10,054	-	-	-	-
Term Loan	500	1,000	7,667	-	-
Term Loan interest(1)	356	653	200	-	-
Lease liabilities	242	485	391	379	291
Accounts payable and accrued liabilities	6,936	-	-	-	-
Other liabilities	39	45	11	11	5
Total	18,127	2,183	8,269	390	296

(1) Payments were estimated based on applicable interest rate at June 30, 2023

As of the date of this MD&A, the Corporation has committed approximately $918 related to capital expenditures.

OUTSTANDING SHARE DATA

As at June 30, 2023 and the date of this MD&A, 16,908 stock options and 228,589 common shares of the Corporation were outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

During the first six months of 2023 and the corresponding period in 2022, the Corporation had no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are consistent with the audited annual financial statements for the year ended December 31, 2022.

FINANCIAL INSTRUMENTS

Credit Risk

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

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

The loss allowance provision for trade accounts receivable as at June 30, 2023 reconciles to the opening loss allowance provision as follows:

	Amount ($)
At December 31, 2022	268
Decrease in credit loss allowance	(28)
As at June 30, 2023	240

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 is held by high credit quality financial institutions.

For the six month period ended June 30, 2023, the Corporation had one customer that comprised 14% of total revenue, compared to three customers that comprised 18%, 11% and 10% of total revenue for the period ended June 30, 2022.

For the accounts receivable balances outstanding as at June 30, 2023, the Corporation had two customers that comprised 13% and 11% of the total balance as compared to three customers that comprised 18%, 14%, and 12% of the total balance as at December 31, 2022.

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

	June 30, 2023	December 31, 2022
Within 30 days	7,509	7,096
31 to 60 days	2,244	4,798
61 to 90 days	15	653
Over 90 days	2,016	248
Accrued accounts receivable	3,444	1,381
Allowance for doubtful accounts	(240)	(268)
Accounts receivable	14,988	13,908

As of the date of this MD&A, the Corporation has collected 53% of the over 90 days balance. The Corporation does not anticipate collection issues on any outstanding accounts receivables balances.

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 June 30, 2023, the Corporation had working capital excluding debt of $8,593 compared to $6,778 at December 31, 2022 (please refer to "Non-GAAP and other Financial Measures" section for further information). The Corporation's principal sources of liquidity are operating cash flows and its Demand Facility. 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 the Credit Facility agreement with HSBC. Under the Credit Facility, which has an initial term of three years, the Corporation has an available limit of $22,500 under the Demand Facility and $10,000 under the Term Loan. The proceeds of the Term Loan were used to finance the Asset Acquisition and related equipment upgrades that occurred in 2022.

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

	June 30, 2023	December 31, 2022
Accounts payable	4,500	5,519
Accrued liabilities	2,436	2,133
Total accounts payable and accrued liabilities	6,936	7,652
Other current liabilities	63	63
Total current accounts payable and accrued liabilities and other liabilities	6,999	7,715
Other liabilities	48	72
Total accounts payable, accrued liabilities and other liabilities	7,047	7,787

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 Demand Facility and Term Loan which bears interest at floating market rates. For the three month period ended June 30, 2023, 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 $42. For the six months period ended June 30, 2023, 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 $94. 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 its carrying amount as the BDC Loan has a floating interest rate. The fair value of the Term Loan approximates its carrying amount as the Term Loan has a floating interest rate. At June 30, 2023, 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 investment in equity securities are based on unobservable inputs and are considered a Level 3 fair value instrument.

As at June 30, 2023 and December 31, 2022, the fair value of the investment in equity securities approximates the 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.

For the period ended June 30, 2023, the Corporation assessed the impact of the uncertainties around the Russian invasion of Ukraine, and the current commodity price volatility on its balance sheet carrying amounts. This review required the use of judgements and estimates that resulted in no material impacts.

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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A contains references to (i) adjusted EBITDA, (ii) Gross margin (iii) Gross margin percentage (iv) Working capital (excluding debt), and (v) free cash flow. 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 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, 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 determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's method of calculating adjusted EBITDA may differ from that of other organizations and, accordingly, its adjusted EBITDA may not be comparable to that of other companies.

	Three months ended, June 30			**Six months ended, June 30**		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Net income (loss)	(61)	(457)	(87%)	3,704	1,866	98%
Depreciation	1,734	1,073	62%	3,359	2,154	56%
Finance costs	473	223	112%	902	409	121%
Other income	(3)	(5)	(40%)	(3)	(7)	(57%)
Gain on asset disposal	(518)	-	nm	(565)	-	nm
Share-based payments	346	28	nm	562	115	389%
Transaction costs	16	(19)	(184%)	29	26	nm
Foreign exchange (gain) loss	13	(13)	(200%)	3	24	(88%)
Adjusted EBITDA	2,000	830	141%	7,991	4,587	74%

nm - not meaningful

(ii) **Gross margin** - is defined as "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 Corporation's method of calculating gross margin percentage may differ from that of other organizations and, accordingly, its gross margin percentage may not be comparable to that of other companies.

The following table reconciles the Corporation's income from operations, being the most directly comparable financial measure disclosed in the Corporation's interim financial statements, to gross margin:

	Three months ended, June 30			Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Income from operations	2,134	1,332	60%	8,934	5,294	69%
Depreciation of property and equipment	1,628	1,024	59%	3,143	2,062	52%
Gross margin	3,762	2,356	60%	12,077	7,356	64%
Gross margin %	28%	28%	0%	31%	32%	(3%)

(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. The Corporation's method of calculating working capital (excluding debt) may differ from that of other organizations and, accordingly, its working capital (excluding debt) measure may not be comparable to that of other companies.

Working Capital (excluding debt)	**June 30, 2023**	**December 31, 2022**
Total current assets:	16,002	14,926
Total current liabilities	(18,394)	(19,753)
Add back current portion of debt		
Demand Facility	10,054	6,794
Convertible debentures	-	2,380
Long term debt	931	2,431
Working capital (excluding debt)	8,593	6,778

(v) **Free cash flow** - is calculated based on funds from operating activities less maintenance and sustaining capital, and interest and principal debt repayments. The Corporation uses this measure to assess the discretionary cash that management has to invest in growth capital, asset acquisitions, or return capital to shareholders. The Corporation's method of calculating free cash flow may differ from that of other organizations and, accordingly, its free cash flow may not be comparable to that of other companies. The following table reconciles the Corporation's funds from operating activities to free cash flow.

	Three months ended, June 30			Six months ended, June 30		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Funds from operating activities	1,974	840	135%	7,941	4,543	75%
Maintenance and sustaining capital	(2,420)	(10,016)	(76%)	(3,576)	(2,711)	32%
Interest paid on Demand Facility	(198)	(66)	200%	(353)	(150)	135%
BDC principal payments	(1,400)	(100)	nm	(1,500)	(200)	nm
Interest on BDC loan	(59)	(22)	168%	(91)	(44)	107%
Term Loan principal payments	(250)	(117)	114%	(500)	(200)	150%
Interest on Term Loan	(177)	(54)	228%	(358)	(54)	563%
Total free cash flow	(2,530)	(9,535)	(73%)	1,563	1,184	32%

nm - not meaningful

SUPPLEMENTARY FINANCIAL MEASURES

The Corporation uses supplementary financial measures that are not defined terms under IFRS to provide useful supplemental financial information to investors.

(i) **Capital Expenditures** – management of the Corporation uses a breakdown of capital expenditures to assess the capital invested related to capital expenditures at a more detailed level. Capital expenditures have been split into three categories, asset acquisition, growth capital, and maintenance and sustaining capital. Asset

acquisitions are the purchase of complete drilling rigs and related equipment from a third party. Growth capital are expenditures incurred for the purposes of upgrading existing equipment to improve operating efficiency and marketability of the asset. Maintenance and sustaining capital are expenditures related to maintaining the current operational efficiency of the asset. The following table shows the split of the three different types of capital expenditures. The Corporation’s method of calculating capital expenditures may differ from that of other organizations and, accordingly, its capital expenditures may not be comparable to that of other companies. The following table reconciles the Corporation’s total capital expenditures.

	Six months ended, June 30		
(000’s CAD $)	**2023**	**2022**	**% Change**
Capital expenditures:			
Growth capital	3,380	8,958	(62%)
Maintenance and sustaining capital	3,576	2,711	32%
Total capital expenditures	6,956	11,669	(40%)

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 and the volatility thereof, expectations about industry activities, market conditions and corresponding rig utilization and day rates; plans, strategies and expectations regarding the Corporation's balance sheet and financial resiliency; the crewing and contracting of the Corporation's recently acquired rigs not in operation as at the date of this MD&A and the timing thereof; the assessment of additional acquisition opportunities by the Corporation; expected increases in utilization and day rates and the anticipated profitability of the Corporation resulting therefrom; anticipated industry wide inflationary costs and supply chain constraints and the resulting impact on the profitability 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 Corporation’s ability to fully crew and contract its rigs; 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, gross margin and gross margin percentage are useful supplemental financial measures; 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 to protect and maintain the Corporation's intellectual property; the Corporation’s ability to maintain financial resiliency in light of current macroeconomic conditions; 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 16, 2023 for the year ended December 31, 2022, and from time to time in Stampede's public disclosure documents available at www.sedarplus.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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