Management's Discussion & Analysis

Stampede Drilling Inc.

For the three months and year ended December 31, 2023 and 2022

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2023

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the December 31, 2023 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), and the annual information form (“AIF”) for the year ended December 31, 2023. Additional information regarding Stampede, including the AIF, is available on SEDAR+ at www.sedarplus.ca.

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

This MD&A contains references to the following measures not in accordance with IFRS Accounting Standards (“Non-GAAP and other financial measures”): Gross Margin, Gross Margin Percentage, Adjusted EBITDA, free cash flow, and working capital (excluding debt). Refer to the “Non-GAAP and Other Financial Measures” section for a full discussion on management’s use of non-GAAP and other financial measures, where applicable, and reconciliations to the most directly comparable IFRS Accounting Standards measure.

This MD&A is dated March 14, 2024 and is in respect of the three months and year ended December 31, 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, December 31			Year ended, December 31		
(000’s CAD $ except per share amounts)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Revenue	21,494	23,238	(8%)	85,956	66,879	29%
Direct operating expenses	12,891	15,068	(14%)	56,825	44,564	28%
Gross margin (1)	8,603	8,170	5%	29,131	22,315	31%
Net income	3,237	3,483	(7%)	10,504	8,210	28%
Basic and diluted income per share	0.01	0.02	(50%)	0.05	0.05	0%
Adjusted EBITDA (1)	6,287	5,737	10%	20,479	15,305	34%
Funds from operating activities	6,287	5,713	10%	20,431	14,659	39%
Free cash flow(1)	5,409	438	1,135%	11,375	10,748	6%
Weighted average common shares outstanding (000's)	221,158	192,297	15%	224,807	162,505	38%
Weighted average diluted common shares outstanding (000's)	222,453	207,205	7%	227,206	176,899	28%
Capital expenditures	4,818	4,520	7%	14,455	41,122	(65%)
Number of marketed rigs	19	19	0%	19	19	0%
Drilling rig utilization(2)	42%	61%	(19%)	45%	60%	(15%)
CAOEC industry average utilization(3)	36%	39%	(3%)	35%	35%	0%

(1) Refer to "Non-GAAP and Other Financial Measures" for further information.
(2) Drilling rig utilization is calculated based on operating days (spud to rig release).
(3) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary. The CAOEC industry average is based on operating days divided by total available drilling days.

	As at December 31		
(000’s CAD $)	**2023**	**2022**	**% Change**
Current assets	17,938	14,926	20%
Total assets	118,568	108,280	10%
Total current liabilities	11,956	19,753	(39%)
Total non-current liabilities	18,286	10,050	82%
Total equity	88,326	78,477	13%

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 TSXV under the symbol “SDI”.

FOURTH QUARTER 2023 OPERATIONAL HIGHLIGHTS

- **Net Income of $3,237** – This represents a decrease of $246 or 7% from the fourth quarter of 2022. The decrease was primarily related to increased depreciation costs due to an increased asset base and a one-time loss on the disposition of assets partially offset by increased Adjusted EBITDA and a lower share based payments expense.
- **Achieved record Q4 Adjusted EBITDA(1) of $6,287** – This represents a 10% increase from the fourth quarter of 2022. The increase was due to an increase gross margin driven by higher day rates and decreased operational costs.
- **Revenue of $21,494 –** This represents a decrease of $1,744 or 8% from the fourth quarter of 2022, driven by commodity price volatility and unseasonably warmer weather. This was partially offset by a 10% increase in revenue per day.
- **Gross Margin(1) of 40%** – This represents an increase of 5% from 35% in the corresponding 2022 period. The increase was primarily related to an increase in revenue per day combined with a slight decrease in operating costs.
- **Repurchase of 12,171 common shares** – In the fourth quarter of 2023 the Corporation repurchased and cancelled 12,761 common shares under its normal course issuer bid (“NCIB”) at a weighted average price per common share of $0.24, for total consideration of $3,079. The total amount of common shares repurchased and cancelled during the fourth quarter of 2023 represents 5.58% of the total issued and outstanding common shares of the Corporation.
- **Free Cash Flow(1) of $5,409** – This represents an increase of $4,971 primarily related to a $4,270 decrease in maintenance and sustaining capital spending for the corresponding 2022 period.
- **Decreased Total Net Funded Debt to Adjusted EBITDA covenant ratio to 0.80x** – the 0.32x decrease from 1.12x was a result of the increased Adjusted EBITDA while keeping the Corporations total net funded debt flat with prior year.

2023 ANNUAL OPERATIONAL HIGHLIGHTS

- **Achieved record Revenue of $85,956** – This represents a 29% increase as compared to 2022. The increase was primarily driven by a 17% increase in operating days for 2023 as a result of the addition of 9 drilling rigs to the Corporation’s fleet throughout the second half of 2022. The Corporation also experienced a 10% increase in revenue per day primarily related to higher field wages charged back to our customers.
- **Achieved record Net Income of $10,504** – This represents a 28% increase from 2022. The increase was primarily related to increased Adjusted EBITDA partially offset by increased depreciation and finance costs.
- **Achieved record Adjusted EBITDA(1) of $20,479** – This represents a 34% increase as compared to 2022. The increase was primarily due to increased revenue, partially offset by higher rig operating expenses due to inflationary pressures and an increase in general and administrative expenses.
- **Repurchase of 16,585 common shares** – In 2023, the Corporation repurchased and cancelled 16,585 common shares under its NCIB at a weighted average price per common share of $0.24, for total consideration of $4,047. The total amount of common shares repurchased and cancelled during the financial year ended December 31, 2023, represents 7.3% of the total issued and outstanding common shares of the Corporation.
- **Capital Expenditures of $14,455** – Capital expenditures for 2023 were comprised of $9,271 of growth capital and $5,184 of maintenance and sustaining capital.
- **New syndicated debt agreement** – During the year ended December 31, 2023, the Corporation entered into a new $50,000 credit agreement (the “Credit Agreement”), which has an initial term of three years. Under the Credit Agreement, Stampede has an available limit of $20,000 under a non-revolving term loan (the “Term Loan Facility”), $15,000 under a revolving credit facility (the “Syndicated Facility”) and $15,000 under an additional revolving credit facility (the “Operating Facility”), and collectively with the Term Loan Facility and the Syndicated Facility, the “Credit Facilities”).

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

OUTLOOK

Stampede believes commodity volatility will continue throughout the remainder of 2024 due to current macroeconomic influences, including the impact of the Russian invasion of Ukraine, and the Israeli/Palestine conflict. Despite the anticipated volatility, Stampede is forecasting to continue its strong utilization and day rates for its fleet of 19 rigs for the remainder of 2024, based on current discussions with its customer base. Maintaining Stampede's qualified field labour force will continue to be a top priority for the remainder of 2024. Management has proven their ability to attract and crew qualified field hands since Stampede's inception. Stampede is currently running full crews with relief on all its operating rigs.

On May 30, 2023, Stampede received approval from the TSX Venture Exchange ("TSXV") to commence a NCIB to repurchase up to 10% of Stampede's Public Float (as such term is defined in TSXV Policy 1.1 – *Interpretation*) during a 12-month period commencing on June 1, 2023. As of the date of this MD&A, Stampede has returned $4,335 back to shareholders by repurchasing and cancelling 17,841 common shares under its NCIB at an average share price of $0.24. The Board of Directors and management believe there is a substantive disparity between Stampede's share price and the fundamental value of the business. Therefore, Stampede will continue to assess capital allocations on it's NCIB against potential acquisition opportunities and capital expenditures to further enhance customer desirability of its current fleet in 2024.

RESULTS FROM OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2023

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Revenue	85,956	66,879	29%
Direct operating expenses	56,825	44,564	28%
Gross margin[1]	29,131	22,315	31%
Gross margin %[1]	34%	33%	1%
Net income	10,504	8,210	28%
General and administrative expenses	10,088	8,302	22%
Adjusted EBITDA[1]	20,479	15,305	34%
Drilling rig operating days[2]	3,131	2,674	17%
Drilling rig revenue per day[3]	27.5	25.0	10%
Drilling rig utilization[4]	45%	60%	(15%)
CAOEC industry average utilization[5]	35%	35%	(0%)

[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 $85,956** – an increase of $19,077 (29%) from $66,879 in the corresponding 2022 period. The increase was primarily related to the addition of 9 drilling rigs to the Corporation's fleet throughout the second half of 2022, which increased the number of operating days for 2023. Revenue also increased due to a 10% increase in revenue per day, which was primarily due to wage field increases charged back to our customers.
- **Operating days of 3,131** – an increase of 457 operating days (17%) from 2,674 operating days in the corresponding 2022 period. Operating days increased primarily as a result of the increase in rig count compared to the prior period.
- **Gross margin percentage of 34%** – an increase of 1% from 33% in the corresponding 2022 period. The gross margin increase was primarily related to the increase in revenue per day partially offset by the higher rig operating expenses due to inflationary pressures.
- **Net income of $10,504** – an increase of $2,294 (28%) from $8,210 in the corresponding 2022 period. The increase was primarily related to increased operating days, and revenue per day, partially offset by higher operating expenses, general and administrative expenses, and finance costs.
- **General and administrative expenses of $10,088** – an increase of $1,786 (22%) from $8,302 in the corresponding 2022 period. The increase in general and administrative expense was primarily related to the increase in headcount compensation and corresponding administration expenses due to increased 2023 activity levels.
- **Adjusted EBITDA of $20,479** – an increase of $5,174 (34%) from $15,305 in the corresponding 2022 period. The increase was primarily related to the increase in operating days and gross margin.

EXPENSES

General and Administrative Expenses

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Administrative expenses	3,291	2,881	14%
Salaries and benefits	5,361	4,129	30%
Share-based payments	1,009	1,029	(2%)
Depreciation of right-of-use assets	427	263	62%
Total general and administrative expenses	10,088	8,302	22%

- **Administrative expenses of $3,291** – an increase of $410 (14%) from $2,881 in the corresponding 2022 period. The increase was primarily driven by increased professional fees and IT cloud conversion costs.
- **Salaries and benefits of $5,361** – an increase of $1,232 (30%) from $4,129 in the corresponding 2022 period. The increase was primarily related to increased headcount and compensation expenses due to the increased 2023 activity levels.
- **Shared-based payments expense of $1,009** – a decrease of $20 (2%) from $1,029 in the corresponding 2022 period. 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 $427** – an increase of $164 (62%) from $263 in the corresponding 2022 period. The increase was related to a new shop lease entered into during the third quarter of 2022 compared to the full year depreciation in 2023. Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's lease assets.

Depreciation of Property and Equipment

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Depreciation of property and equipment	6,649	4,484	48%

- **Depreciation of property and equipment of $6,649** – an increase of $2,165 (48%) from $4,484 in the corresponding 2022 period. The increase was primarily due to a higher annualized depreciable asset base as a result of the rig asset acquisitions that occurred in the third quarter of 2022.

Other Income (Expenses)

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Gain on asset disposals	91	530	(83%)
Finance costs	(1,974)	(1,246)	58%
Other income	31	9	244%
Foreign exchange gain	(7)	(3)	133%
Transaction costs	(31)	(609)	(95%)
Total other income (expenses)	(1,890)	(1,319)	43%

- **Gain on asset disposals of $91** – a decrease of $439 (83%) from $530 in the corresponding 2022 period. The reduction was due to a larger one-time sale of assets in the prior year.
- **Finance costs of $1,974** – an increase of $728 (58%) from $1,246 in the corresponding 2022 period. The increase in finance costs was related to the accelerated recognition of unamortized cost relating to the previous term loan, the new debt with a higher average borrowing base and increased prime interest rates on the Corporation's variable interest rate debt.
- **Transaction costs of $31** – a decrease of $579 (95%) from $609 in the corresponding 2022 period, primarily due to the prior year transaction costs associated with the Corporation's acquisition of six drilling rigs and related assets for a purchase price of approximately $21,500.

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			
(000's CAD $)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	21,494	25,520	13,244	25,697	23,238	20,722	8,352	14,568
Net income(loss)	3,237	3,559	(61)	3,765	3,483	2,865	(461)	2,322
Basic and diluted net income (loss) per share	0.01	0.02	(0.00)	0.02	0.02	0.02	(0.00)	0.01
Total assets	118,568	117,856	112,889	113,211	108,280	106,205	73,248	63,218

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.

In 2022 as a result of strong commodity pricing, the Corporation was able to purchase an additional 9 rigs, increasing its marketable fleet of rigs to 19. 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 first quarter, is generally a higher activity period as oil and gas companies take advantage of frozen ground conditions to move heavy equipment and operate in regions which might otherwise be inaccessible due to ground conditions during warmer periods. The second quarter normally encompasses a slow period in Canada referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs and other heavy equipment. The third and fourth quarters in Western Canada are usually representative of average activity levels.

RESULTS FROM OPERATIONS FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2023

	Three months ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Revenue	21,494	23,238	(8%)
Direct operating expenses	12,891	15,068	(14%)
Gross margin[1]	8,603	8,170	5%
Gross margin %[1]	40%	35%	5%
Net income	3,237	3,483	(7%)
General and administrative expenses	2,514	3,429	(27%)
Adjusted EBITDA[1]	6,287	5,737	10%
Drilling rig operating days[2]	727	867	(16%)
Drilling rig revenue per day[3]	29.6	26.8	10%
Drilling rig utilization[4]	42%	61%	(19%)
CAOEC industry average utilization[5]	36%	39%	(3%)

[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 $21,494** – a decrease of $1,744 (8%) from $23,238 in the corresponding 2022 period. The decrease was due to a reduction in operating days. This was partially offset by a 10% increase in revenue per day during the three month period ended December 31, 2023.
- **Operating days of 727** – a decrease of 140 operating days (16%) from 867 operating days in the corresponding 2022 period. Operating days decreased due to a reduction in operating activities as a result of customer capital discipline, commodity price volatility and unseasonably warmer weather during the three month period ended December 31, 2023. Drilling rig utilization for the three month period ended December 31, 2023 was 42%, which was a 19% decrease from 61% in the corresponding 2022 period, but 6% higher than the CAOEC industry average utilization rate of 36% for the three months ended December 31, 2023.
- **Gross margin percentage of 40%** – an increase of 5% from 35% in the corresponding 2022 period. The change was related to an increase in revenue per day combined with a slight decrease in operating costs.
- **Net income of $3,237** – a decrease of $246 (7%) from $3,483 in the corresponding 2022 period. The decrease was primarily related to increased depreciation costs due to an increased asset base and a one-time loss on the disposition of assets partially offset by increased Adjusted EBITDA and a lower share based payments expense.
- **General and administrative expenses of $2,514** – a decrease of $915 (27%) from $3,429 in the corresponding 2022 period. The decrease was primarily due to a reduction in stock based compensation in the last quarter of 2023 compared to the corresponding 2022 period.
- **Adjusted EBITDA of $6,287** – an increase of $550 (10%) from $5,737 in the corresponding 2022 period. The increase was primarily related to the increase in gross margin, partially offset by a reduction in administrative expenses.

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 Credit Facilities and equity financings.

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Cash provided by (used in):			
Operating activities	20,682	10,155	104%
Investing activities	(13,279)	(42,181)	(69%)
Financing activities	(4,564)	32,077	(114%)
Increase in cash	2,839	51	5,467%

Cash Flows from Operating Activities

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Funds from operating activities	20,431	14,659	39%
Changes in non-cash working capital balances	251	(4,504)	(106%)
Net cash flows from operating activities	20,682	10,155	104%

For the year ended December 31, 2023, funds from operating activities were $20,431, an increase of $5,772 (39%) from $14,659 in the corresponding 2022 period. The increase in funds from operating activities was primarily a result of higher net income in the year-ended December 31, 2023 compared to the corresponding period of 2022.

For the year ended December 31, 2023, net cash flows from operating activities were $20,682, up $10,527 (104%) from $10,155 in the corresponding 2022 period. The overall increase was a result of the increase of funds from operating activities.

As at December 31, 2023, the Corporation had total net working capital (excluding debt) of $8,352 compared to $6,778 in the corresponding 2022 period. Refer to the "Non-GAAP and Other Financial Measures" in this MD&A for how this measure is calculated.

Cash Flows used in Investing Activities

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Capital expenditures:			
Asset acquisitions	-	26,741	nm
Growth capital[1]	9,271	12,303	(25%)
Maintenance and sustaining capital[1]	5,184	2,078	149%
Total capital expenditures	14,455	41,122	(65%)
Proceeds from the disposition of property and equipment	(172)	(596)	(71%)
Investment in equity securities	-	4,000	nm
Changes in non-cash working capital balances	(1,004)	(2,345)	(57%)
Cash flows used in investing activities	13,279	42,181	(69%)

nm - not meaningful

(1) Refer to "Supplementary Financial Measures" for details on total capital expenditures

For the year ended December 31, 2023, total cash flows used in investing activities were $13,279, down $28,902 (69%) from $42,181 in the corresponding 2022 period. For the year ended December 31, 2023, the Corporation incurred $14,455 in total capital expenditures, down $26,667 (65%) from $41,122 in the corresponding 2022 period.

There were no asset acquisitions in 2023. During 2022, the Corporation completed two separate asset acquisitions. The Corporation acquired three telescopic double drilling rigs, two top drives and ancillary equipment in April 2022. The second asset acquisition consisted of six drilling rigs, and ancillary equipment in August 2022. The total capital expenditures related to the

asset acquisitions and related transaction costs was $26,741 in 2022.

For the year ended December 31, 2023, the Corporation invested $9,271 in growth capital, down $3,032 (25%) from $12,303 in the corresponding 2022 period. Growth capital related to equipment upgrades to improve the operating efficiency and marketability of the drilling rigs.

For the year ended December 31, 2023, the Corporation incurred maintenance and sustaining capital of $5,184, up $3,106 (149%) from $2,078 in the corresponding 2022 period. The increase in maintenance and sustaining capital related to the increase in operating activity and annualized rig count compared to the prior year. Maintenance and sustaining capital for the period primarily consisted of the purchase of replacement drill pipe and other drilling rig equipment for existing rig assets.

Refer to “Non-GAAP and Other Financial Measures” in this MD&A for further discussion on management’s definition of the capital expenditure types.

Cash Flows from (used in) Financing Activities

For the year ended December 31, 2023, cash used in financing activities were $4,564, down $36,641 (114%) from $32,077 from financing activities in the corresponding 2022 period.

The decrease in financing activities is primarily related to the proceeds from issuance of common shares in the prior year, offset by the amendments to the Syndicated Facility and the Operating Facility (collectively, the "Demand Facility"), the Corporation's new $20,000 Term Loan Facility and NCIB purchases in 2023.

Loans and Borrowings

Demand Facility

The Demand Facility is comprised of the Syndicated Facility and the Operating Facility, each of which have an available limit of $15,000. The Demand Facility contains the following margin requirements (capitalized terms used in this section but not otherwise defined have the meanings ascribed thereto in the Credit Agreement):

(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, as defined in the Credit Agreement 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 December 31, 2023, the Demand Facility was subject to the following financial covenants:

	Covenant	December 31, 2023	December 31, 2022
Fixed Charge Coverage Ratio (1)	1.50:1.00 or more	4.35:1.00	4.25:1.00
Net Funded Debt to EBITDA Ratio (2)	3.00:1.00 or less	0.80:1.00	1.12:1.00

EBITDA, as defined in the Credit Agreement 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 means, as at each quarter end, the ratio of (i) EBITDA of the Corporation for the previous 12 calendar months ending at such quarter end less Unfinanced Capital Expenditures, cash Taxes and cash Distributions to shareholders of the Corporation to (ii) Fixed Charges for the previous 12 calendar months ending at such quarter end (except for the first four quarter ends following the Drawdown under the Demand Facility for which Fixed Charges in connection with the Term Loan Facility shall be calculated with reference to the principal repayments and trailing twelve month interest in connection therewith as at each such quarter end).
2. Net Funded Debt to EBITDA ratio is calculated as total interest-bearing indebtedness on a consolidated basis excluding cash and cash equivalents held by the bank and loans which have been subordinated and postponed in favour of the bank to EBITDA.

As at December 31, 2023, the Demand Facility had no amounts drawn (December 31, 2022 - $6,794) and the Corporation was in compliance with all covenants.

Term Loan Facility

In conjunction with amending the Demand Facility on September 21, 2023, the Corporation entered into the Term Loan Facility in the amount of up to $20,000. The Term Loan Facility has an interest rate equal to the lender's prime rate plus the applicable margin rate, and quarterly principal repayments of $500.

The Term Loan Facility matures on September 21, 2026, 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, as defined in the Credit Agreement, 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

Facility is subject to the same covenants as described for the Demand Facility above.

As at December 31, 2023, a total of $20,000 was outstanding on the Term Loan Facility and there were $356 in unamortized debt issuance costs. The amount of the Term Loan Facility excluding unamortized debt issuance costs due within one year is $2,500 and $17,500 is due beyond one year. As at December 31, 2023, the Corporation was in compliance with all covenants of the Term Loan Facility.

Business Development Bank of Canada ("BDC") Loan

During the second quarter of 2023 the Corporation extinguished the BDC Loan by paying off the remaining principal balance and interest on May 30, 2023, before the BDC Loan end date on September 1, 2023.

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

	December 31, 2023	December 31, 2022
BDC Loan	-	1,500
Term Loan Facility	20,000	9,667
Less: unamortized debt issuance costs	(356)	(161)
Long term debt	19,644	11,006
Long term debt due within one year	2,370	2,431
Long term debt due beyond one year	17,274	8,575

Convertible Debentures

During the year ended December 31, 2023, all of the remaining convertible debentures were converted into common shares of the Corporation at a conversion price of $0.21. A total of 2,412 convertible debentures were exchanged for 11,490 common shares of the Corporation.

	Number of convertible debentures	Liability component	Equity component
Balance at January 1, 2022	2,612	2,532	46
Accretion of discount	-	41	-
Conversion of convertible debentures	(200)	(193)	(3)
Balance at December 31, 2022	2,412	2,380	43
Conversion of convertible debentures	(2,412)	(2,380)	(43)
Balance at December 31, 2023	-	-	-

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of December 31, 2023:

(000's CAD $)	2024	2025	2026	2027	2028
Term Loan Facility	-	2,500	2,000	15,500	-
Term Loan Facility interest(1)	-	1,588	1,415	951	-
Lease liabilities	-	485	391	379	291
Accounts payable and accrued liabilities	9,105	-	-	-	-
Other liabilities	15	45	11	11	5
Total	9,120	4,618	3,817	16,841	296

(1) Payments were estimated based on applicable interest rate at December 31, 2023

OUTSTANDING SHARE DATA

As at December 31, 2023, 16,373 stock options and 212,004 common shares of the Corporation were outstanding. For the period from January 1, 2024 to March 14, 2024, the Corporation repurchased and canceled 1,256 common shares at a weighted average price per share of $0.24 pursuant to its NCIB. On the date of this MD&A, 210,748 common shares of the Corporation are outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

During the year end of 2023 and the corresponding 2022 period, the Corporation had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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

	Year ended December 31,	
	2023	2022
Short-term employee benefits	1,858	2,268
Share based payments	757	685
Total key executive management personnel compensation	2,615	2,953

As at December 31, 2023, the Corporation had no amounts (December 31, 2022 - $700) owing to related parties for the convertible debentures. During the year, the Corporation paid $3 for interest on the convertible debentures to related parties (December 31, 2022 - $70).

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 actual credit loss experience since inception.

The loss allowance provision for trade accounts receivable as at December 31, 2023 reconciles to the opening loss allowance provision as follows:

	Amount ($)
At December 31, 2022	268
Increase in credit loss allowance	7
As at December 31, 2023	275

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 three month period ended December 31, 2023, the Corporation had four customers that comprised 13%, 11%, 10% and 10% of total revenue, compared to three customers that comprised 11%, 11% and 10% of total revenue for the period ended December 31, 2022.

For the year ended December 31, 2023, the Corporation had two customers that comprised 13% and 13% of total revenue, compared to three customers that comprised 12%, 10%, and 10% of total revenue for the period ended December 31, 2022.

For the accounts receivable balances outstanding as at December 31, 2023, the Corporation had five customers that comprised 20%, 18%, 11%, 11%, 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:

	December 31, 2023	December 31, 2022
Within 30 days	4,934	7,096
31 to 60 days	5,883	4,798
61 to 90 days	1,288	653
Over 90 days	1,225	248
Accrued accounts receivable	1,080	1,381
Allowance for doubtful accounts	(276)	(268)
Accounts receivable	14,134	13,908

As of the date of this MD&A, the Corporation has collected 86.51% of the over 90 days balance. As at December 31, 2023, the Corporation has one customer with accounts receivable balances over 90 days outstanding of $464, which is currently on a scheduled payment plan.

Liquidity Risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at December 31, 2023, the Corporation had working capital (excluding debt) of $8,352 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 Agreement, which has an initial term of three years, the Corporation has an available limit of $20,000 under the Term Loan Facility, $15,000 under the Syndicated Facility and $15,000 under the Operating Facility. The proceeds of the Term Loan Facility were used to fund the repayment of Stampede's existing indebtedness.

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

	December 31, 2023	December 31, 2022
Accounts payable	6,630	5,519
Accrued liabilities	2,475	2,133
Total accounts payable and accrued liabilities	9,105	7,652
Other current liabilities	60	63
Total current accounts payable and accrued liabilities and other liabilities	9,165	7,715
Other liabilities	27	72
Total accounts payable, accrued liabilities and other liabilities	9,192	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, and foreign exchange rates.

a) Interest Rate Risk:
The Corporation is exposed to interest rate fluctuations on its operating Demand Facility and Term Loan Facility which bears interest at floating market interest rates. For the twelve months ended December 31, 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 $184. 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. For the year ended December 31, 2023, if the foreign exchange rate increased/decreased by 1% with all other variables held constant, the impact on the Corporation's net income is immaterial. This analysis has been determined based on the exposure to foreign exchange for financial instruments outstanding as at December 31, 2023.

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, trade and other receivables, the Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the Term Loan Facility approximates its carrying amount as the Term Loan Facility has a floating interest rate. As at December 31, 2023, the Corporation valued its cash 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 December 31, 2023 and 2022, the fair value of the investment in equity securities approximates their carrying value.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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 property and equipment and goodwill assets. The timing in which global energy markets transition from carbon-based sources to alternative energy is highly uncertain.

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

The current market conditions have increased the complexity of estimates and assumptions used to prepare the consolidated financial statements, particularly related to the following key sources of estimation uncertainty:

Property and equipment

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

Impairments

Management assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market capitalization of the Corporation; (ii) changes in operating forecasts, including revenues, utilization rates and operating costs; and (iii) changes in market interest rates, are evaluated by management in determining whether there are any indicators of impairment. Management performs impairment tests on property and equipment when impairment indicators exist. For goodwill, management performs an impairment test, at least annually.

Impairment tests require the estimation of recoverable amounts, which are the higher of fair value less costs of disposal or value in use and are based on a discounted cash flow model. The determination of recoverable amounts is subject to significant assumptions such as future cash flows, growth rates, terminal values and discount rates. These estimates are most relevant to goodwill and property and equipment recognized by the Corporation.

Determination of cash generating units (“CGUs”)

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

Recoverable amounts

Determining the recoverable amount of a CGU or an individual asset requires the use of estimates and assumptions, which are subject to change as new information becomes available. Commodity price uncertainty, due to reasons noted above, has increased volatility in determining the recoverable amount of the Corporation's CGU, especially estimating future drilling activity levels and estimating forecast cash flows.

Leases

Lease liabilities are subject to fair value estimates using the present value of future cash flow of the lease. The present value calculation uses assumptions based on the Corporation’s incremental borrowing rate when the rate implicit in the lease is not readily available, whether any optional lease buyouts will be exercised, and whether leases will be extended.

Share-based payments

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

Accounts receivable

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

Convertible debentures

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

Consolidation of 50% owned subsidiary

The Corporation has applied judgment in determining that its subsidiary, 2391764 Alberta Ltd., should be consolidated with a 50% ownership interest.

Investment in equity securities

The Corporation applies judgement in determining the fair value measurement of investments in equity securities of two unlisted private companies (level 3), where quoted prices are unavailable and other valuation techniques must be applied. In performing its valuation, the Company may consider and assess the financial position of the entities it is invested in, future cash flows, qualitative factors, and other unobservable information. Future cash flows are subject to significant estimates regarding such issues as timing, magnitude of cash flows and appropriate discount rates.

RISKS AND UNCERTAINTIES

The following is a summary only of certain risk factors relating to the business of the Corporation and its subsidiaries and the ownership of the common shares in the capital of the Corporation. Shareholders, prospective investors and readers should carefully consider all such risk factors contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list, and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oilfield services business generally.

Demand for Services

The demand, price and terms of drilling rigs are dependent on the level of activity in the industry. Industry conditions impacting activity are influenced by numerous factors over which Stampede has no control, including the level of oil and natural gas prices, expectations about oil and natural gas prices, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, weather conditions, political regulatory and economic conditions, and the ability of oil and natural gas companies to obtain equity or debt financing.

Oil and natural gas exploration and production activity levels are subject to fluctuation and may be impacted by fluctuations in commodity prices, which can be volatile. No assurance can be given that expected trends in oil and natural gas exploration and production activities will continue or that demand for oil and natural gas services will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices is expected to affect oil and natural gas exploration and production activities and therefore affect customer demand for drilling rig services. A material decline in oil or gas prices or industry activity could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Capital Overbuild in the Industry

As a result of the long life nature of drilling equipment and the lag between when the decision to build equipment is made and when equipment is placed into service, the amount of equipment in the industry does not always correlate to the level of demand for the equipment. Periods of high demand often spur increased capital expenditures and those capital expenditures may result in equipment supply exceeding actual demand. The potential of a capital overbuild in the industry could cause Stampede's competitors to lower their rates and could lead to a decrease in rates in the oil and natural gas services industry generally, which could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Weakness and Volatility in the Oil and Natural Gas Industry

Stampede is subject to broader geopolitical risk that affects pricing, supply and demand in the oil and natural gas industry. The inability of Stampede to deal with a sustained low commodity price environment resulting from geopolitical events beyond the Corporation's control could have a material adverse effect on its business, financial condition, results of operations, and prospects.

Market events and conditions, including global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries, sanctions against certain oil producing nations, slowing global or regional economic growth, the outbreak of a pandemic illness, weakening global relationships, global geopolitical events including the conflict between Ukraine and Russia, conflict in the Middle East, isolationist and punitive trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including growing anti-fossil fuel sentiment, have caused significant volatility in commodity prices. See "Risk Factors – Political Uncertainty".

These events and conditions have caused a significant reduction in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities, or to maintain previously obtained permits for such infrastructure or facilities, in order to provide better access to markets for the oil and natural gas industry in Western Canada has led to additional downward price pressure on oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, and Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the oil and natural gas industry in Western Canada.

Lower commodity prices restrict oil and natural gas producers' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the demand for drilling services which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. If these low commodity price conditions persist for an extended period of time, the Corporation's cash flow may not be sufficient to continue to fund its operations and to satisfy its obligations when due and the Corporation's ability to discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing or level of pricing from asset sales will be available on terms that are satisfactory to the Corporation or at all.

Stampede is subject to various laws and regulations that govern the operation and taxation of the Corporation's business. The Corporation's operations may be adversely affected by political, economic or social instability or events. These events may include, but are not limited to, onerous fiscal policy, renegotiation or nullification of agreements and treaties, imposition of onerous regulation, changes in laws governing existing operations, financial constraints, including unreasonable taxation and corrupt behavior of public officials, joint venture partners or third-party representatives that could result in lost business opportunities for the Corporation. This could materially adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Inflation

The general rate of inflation impacts the economies and business environments in which Stampede operates. In response to sustained, elevated global inflationary pressures, major central banks, including the Bank of Canada and the U.S. Federal Reserve, increased benchmark interest rates multiple times throughout 2023 and, although such central banks have recently held such benchmark interest rates steady, they may continue to raise them again in the future. Increased inflation and any economic conditions resulting from additional governmental attempts to reduce inflation, including the imposition of higher interest rates or wage and price controls, may negatively impact levels of demand for Stampede's services and cost of inputs, and could, accordingly, have a negative impact on Stampede's business, financial condition and results of operations. Higher interest rates as a result of inflation could negatively impact the Corporation's borrowing costs, which could, in turn, have a negative impact on Stampede's cash flow and ability to service obligations, and impact Stampede's ability to undertake new projects.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on Stampede, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses, civil unrest and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to Stampede, its customers, and/or either of their businesses or operations.

Seasonality/Weather

The activities in the oil and natural gas services industry are subject to a degree of seasonality. Operating activities within the Canadian oil and natural gas services industry are generally lower in April and May during spring break up, which leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, and results in severe restrictions in the level of oil and natural gas services. Wet weather and the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. The duration of this period will have a direct impact on the level of the Corporation's activities. Certain oil and natural gas producing areas are located in areas that are inaccessible other than during winter months, because the ground surrounding the drilling sites in these areas consists of swampy terrain. Additionally, if an unseasonably warm winter prevents sufficient freezing, Stampede may not be able to access well sites and its operating results and financial condition may therefore be adversely affected. The demand for oil and natural gas services may also be affected by the severity of the Canadian winters. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting revenues. The volatility in the weather and temperature can therefore create unpredictability in activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns (including those associated with climate change) may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the services of the Corporation.

Government Regulation of Oil and Natural Gas Industry

The oil and natural gas industry is subject to extensive laws and regulations imposed by various levels of government where Stampede operates. Compliance with, breaches of, or changes to such laws and regulations could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows. It is not expected that any of these laws or regulations will affect the operations of Stampede in a manner materially different than they would affect other oil and natural gas services companies of similar size.

Further, the operations of Stampede and its customers are subject to a variety of federal, state, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Stampede believes that it is currently in compliance with such laws and regulations. Stampede currently invests financial and managerial resources to ensure such compliance and will continue to do so in the future. However, such laws or regulations are subject to change and accordingly, Stampede cannot accurately predict the cost or impact of any change to such laws and regulations on Stampede's business, financial condition, results of operations and cash flows.

Material changes to the regulation and taxation of the oil and natural gas industry may reasonably be expected to have an impact on the oil and natural gas services industry. The provincial governments of Alberta, British Columbia, Manitoba and Saskatchewan collect royalties on the production from Crown lands, which affect the Corporation's customers. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. An increase in royalties or other regulatory burdens would reasonably be expected to result in a material decrease in industry drilling and production activity in the applicable jurisdiction, which in turn would lead to corresponding declines in the demand for the services provided by the Corporation in such jurisdiction. Conversely, reductions in royalties and other government regulations may reasonably be expected to have a positive impact on the Corporation's business.

The direct and indirect costs of the various greenhouse gas ("GHG") statutes and regulations, existing and proposed, could significantly increase operating costs, reduce output or otherwise adversely affect Stampede's business, operations and financial results, or those of its customers. The Government of Canada implemented a national carbon pricing system in 2019 through the Greenhouse Gas Pollution Pricing Act ("GGPPA"), which functions as a federal backstop and applies to the extent a province or territory does not implement a carbon pricing system that meets the stringency requirements of the GGPPA. The federal carbon price under the GGPPA was $65/tonne of carbon dioxide equivalent emissions in 2023, rising to $80/tonne of carbon dioxide equivalent emissions in 2024. The price rises by $15/tonne each year until 2030, at which time the carbon price will be $170/tonne. Provincial statutes and regulations with similar potential impacts include Alberta's Technology Innovation and Emissions Reduction Regulation, Oil Sands Emissions Limits Act, and Renewable Fuels Standard Regulation, British Columbia's Greenhouse Gas Industrial Reporting and Control Act and associated regulations, Climate Change Accountability Act, Renewable and Low Carbon Fuel Requirements Regulation, and Clean Energy Act and Saskatchewan's Management and Reduction of Greenhouse Gases Act. New or additional carbon emission pricing systems, carbon taxes or similar costs could significantly increase operating costs or reduce output for Stampede's customers.

On December 31, 2021, the Government of Alberta's Curtailment Rules, which were originally implemented in 2018, expired. No curtailments had been in effect under the Curtailment Rules since December 2020. To the extent that any similar legislation comes into effect in the future to curtail oil production and such curtailment impacts Stampede's customers capital expenditure programs, it could also materially adversely effect the demand for Stampede's services and thus its business, operations, and financial results.

Any initiatives by the governments in the regions in which the Corporation operates to set legally binding targets to reduce emissions of carbon dioxide, methane, nitrous oxide and other GHGs could have direct or indirect compliance costs. Such initiatives and costs may adversely affect the oil and natural gas business, which in turn may directly or indirectly adversely affect the oil and natural gas services industry in which the Corporation participates. In December 2023, the Government of Canada announced plans to implement a national emissions cap-and-trade system for GHG emissions from the oil and gas sector through regulations to be made under the Canadian Environmental Protection Act, 1999 ("CEPA"). The cap-and-trade system is expected to be phased in between 2026 and 2030 and apply to, among other things, all direct GHG emissions from liquified natural gas facilities and upstream oil and gas facilities, including offshore facilities, while also accounting for indirect emissions and emissions that are captured and permanently stored. It is currently proposed that the 2030 emissions cap (which will inform the number of emission allowances issued to regulated facilities) will be set at 35% to 38% below 2019 emission levels. Under the proposed regime, facilities that emit more than the allowances allocated would have some flexibility to compensate for a limited quantity of additional emissions, up to the level of the legal upper bound, which, for 2030, is proposed to be set at 20% to 23% below 2019 emission levels. The Government of Canada has committed to regularly reviewing the emissions cap trajectory, the emissions trading market, and access to compliance flexibilities in setting the allowance level and legal upper bound for the post-2030

period with a view to its long-term objective of achieving net-zero GHG emissions in the oil and gas sector by 2050. Draft regulations for the cap-and-trade system are scheduled to be released for comment in mid-2024. The impact of the proposed cap-and-trade system on Stampede's business is not yet certain.

The federal Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) ("Federal Methane Regulations"), are designed to achieve a 40 percent to 45 percent reduction of methane emissions from 2012 levels by 2025 through requirements for reducing fugitive equipment leaks and venting from well completion and compressors which came into force on January 1, 2020 and restrictions on facility production venting and venting limits for pneumatic equipment which came into force on January 1, 2023. In 2021, the Government of Canada announced its intention to impose an additional target to reduce oil and gas methane emissions by at least 75 percent below 2012 levels by 2030. In December 2023, the Government of Canada published draft amendments to the Federal Methane Regulation under CEPA to facilitate achieving the 75 percent target reduction. The proposed regulatory amendments relate to venting, flaring, hydrocarbon gas destruction equipment and fugitive emissions, and would come into force between 2027 and 2030. Finalized amendments to the Federal Methane Regulation are expected in late 2024.

By way of equivalency agreements with the federal government, which came into force October 26, 2020, the Federal Methane Regulations do not currently apply in Alberta and Saskatchewan. The application of the Federal Methane Regulations in Alberta and Saskatchewan may change in 2024 based on the contents of the finalized amendments to the Federal Methane Regulation expected in late 2024. In Alberta, the Methane Emission Reduction Regulation (Alberta) came into force on January 1, 2020, and, along with certain AER Directives, imposes largely the same constraints as the Federal Methane Regulations. In Saskatchewan, The Oil and Gas Emissions Management Regulations (Saskatchewan) came into force on January 1, 2019, and, along with The Oil and Gas Conservation Act (Saskatchewan) and certain ministerial Directives made thereunder, imposes largely the same constraints as the Federal Methane Regulations.

While Stampede believes its current operations are in material compliance with applicable environmental laws and regulations, there can be no assurance that substantial costs or liabilities will not be incurred as a result of non-compliance with such laws. Moreover, it is possible that other developments, such as changes in environmental laws, regulations and enforcement policies thereunder, including with respect to climate change, may result in additional costs to Stampede and/or its customers, which could materially adversely affect the Corporation's business, financial condition, results of operations and cash flows.

Environmental Regulation and Liability

The oil and natural gas industry is currently subject to a variety of federal, provincial and local environmental laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. Compliance with such legislation can require significant expenditures and a breach of such legislation may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage and the imposition of fines and penalties. These environmental compliance obligations are primarily the responsibility of the oil and natural gas companies which contract with Stampede; however, where applicable directly to Stampede, the Corporation is committed to meeting its responsibilities in all material respects to protect the environment wherever it operates.

In addition, the trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, particularly the generation of carbon emissions; the building and maintenance of pipelines; hydraulic fracturing and water use. These restrictions and limitations may continue to increase in the future which may increase operating costs for both Stampede and its customers, may restrict the Corporation's activities and may result in a decreased demand for the Corporation's services.

The Corporation is subject to the operating risks inherent in the industry, including environmental damage. The Corporation has established programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Corporation's procedures will prevent environmental damage occurring from spills of materials handled by the Corporation or that such damage has not already occurred. On occasion, substantial fines or liabilities to third parties may be incurred. The Corporation may have the benefit of insurance maintained by it or the exploration and production company operating the well; however, the Corporation may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or

other reasons, which may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Competition

Competition could adversely affect Stampede's performance. The oil and natural gas services industry is characterized by intense competition and Stampede competes directly with other companies that have greater resources and access to capital. Oversupply of drilling rigs can cause greater price competition. Competitors compete primarily on a regional basis, and the intensity of competition may vary significantly from region to region at any particular time. If the demand for services is better in a region where Stampede operates, its competitors may respond by moving in suitable equipment from other regions, by reactivating previously inactive equipment or purchasing new equipment. An influx of equipment into a market area from any source could intensify competition and make any improvement in demand for equipment short-lived.

Stampede's ability to generate revenue and earnings depends primarily upon its ability to win bids in competitive bidding processes and to perform awarded projects within estimated times and costs. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Corporation or that new competitors will not enter the various markets in which the Corporation is active. Reduced levels of activity in the oil and natural gas industry can intensify competition and result in lower revenue to the Corporation. Variations in the exploration and development budgets of exploration and production companies which are directly affected by fluctuations in energy prices, the cyclical nature and competitiveness of the oil and natural gas industry and governmental regulation may have a material adverse effect upon the Corporation's business, financial condition, results of operations and cash flows.

Joint Ownership

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

Service Agreements and Contracts

The business operations of Stampede will depend, to a certain extent, on industry standard agreements and closed bid processes with its customer base, some of which are cancellable at any time by Stampede or its customers upon certain conditions being met. The key factors which will determine whether a customer continues to use Stampede are: (i) reputation for safety; (ii) reliability and performance of personnel and equipment used to perform its services; (iii) technical knowledge and experience; (iv) service quality and availability; and (v) competitive pricing. There can be no assurance that Stampede's relationship with its customers will continue, and a significant reduction or total loss of the business from a significant customer, if not offset by sales to new or existing customers, could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows. At times, a number of Stampede's drilling rigs may be under long-term take-or-pay contracts which provide a base level of future revenue over the term of the contract. Stampede is subject to the risk that customers may not honour these types of agreements or any other agreements with, or commitments to, Stampede. In addition, Stampede is subject to counterparty credit risk which increases materially in a low commodity price environment. Breaches of agreements or commitments by Stampede's customers, or failure or inability to pay by Stampede's customers, could materially reduce the Corporation's revenue and profitability and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Reliance on Major Customers

Stampede's success depends on the ability of Stampede's customers to select and acquire suitable producing properties or undeveloped exploration prospects. The marketability of any oil and natural gas assets acquired or discovered by Stampede's customers is affected by numerous factors beyond the control of such customers. These factors include market fluctuations, the price of crude oil and natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, oil and natural gas environment activism and government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection. All of these factors which could affect the Corporation's customers could also negatively affect Stampede's business, financial condition, results of operations and cash flows.

The loss of a significant customer, or any significant decrease in services provided to a significant customer, prices paid or any other changes to the terms of services with customers, if not offset by sales to new or existing customers, could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Equipment Construction & Repair Risks

Stampede frequently upgrades its rigs and other equipment used in its operations. The Corporation estimates the cost and timeline of the construction in relation to such upgrades. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation: changes in input costs (including inflation); variations in labor rates; and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates. In addition, several factors could cause delays in construction, including, and without limitation, shortages in skilled labor and delays or shortages in the supply of component parts. Construction delays may lead to postponements of the anticipated date for deployment of the newly constructed equipment into operation and any such postponement could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

Credit Risk

Credit risk in Stampede's business arises primarily from credit exposure to customers in the form of outstanding accounts. The maximum exposure to credit risk is equal to the carrying amount of the financial assets. The Corporation generally grants unsecured credit to its customers; however, the Corporation applies evaluation procedures to new customers and analyzes and reviews the financial health of its current customers on an ongoing basis. The allowance for doubtful accounts and past due receivables are reviewed by management on a regular basis. Accounts receivable are considered for impairment on a case by case basis when they are past due or when objective evidence is received that a customer may default. The Corporation takes into consideration the customer's payment history, their credit-worthiness and the current economic environment in which the customer operates to assess impairment. The Corporation accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual amount receivable. When a receivable balance is considered uncollectible it is written off against the allowance for doubtful accounts. Subsequent recovery of amounts previously written off are included in net earnings. Based on the nature of its operations, the Corporation will always have a concentration of credit risk as nearly all of the Corporation's accounts receivable are with customers in the oil and natural gas industry and are subject to normal industry credit risks. In certain circumstances the Corporation has the ability to lien wells within 90 days of completion of work to help minimize the risk for uncollected amounts.

In the event such customers fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. While the Corporation has a credit management program to assist in managing the risk in collecting its receivables as outlined above, collection of such receivables may be impacted by unfavourable industry conditions including fluctuations in the level of commodity prices. To the extent that any of the Corporation's customers go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such customers. Any of these factors could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Equipment and Technology Risks

Complex drilling and completions programs for the exploration, development and production of conventional and unconventional oil and natural gas reserves in North America demand high performance equipment. The abilities of oil and natural gas service providers to meet these demands will depend on continuous improvement of existing rig technology such as drive systems, control systems, automation, mud systems and top drives to improve drilling efficiency. Stampede's ability to deliver equipment and services that are more efficient than its competitors is critical to its continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by Stampede.

The ability of Stampede to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that Stampede will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. In such case, the Corporation's business, financial condition, results of operations and cash flows could be materially adversely affected. If the Corporation is unable to utilize the

most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition, results of operations and cash flows could also be materially adversely affected.

Certain of the Corporation's equipment may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. Stampede will need to remain current with the changing market for oil and natural gas services and technological and regulatory changes. If the Corporation fails to do so, this could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Stampede currently owns its own drilling rigs and makes additional purchases of certain drilling equipment from time to time from various suppliers in the oil and natural gas services industry. There can be no assurance that these sources for equipment will be maintained. If such equipment is not made available and is not available from any other source, the Corporation's ability to compete may be impaired.

Stampede has not sought or obtained patents or other similar protection in respect of any tools, equipment or technology it has developed independently. In the future, Stampede may seek patents or other similar protections in respect of particular tools, equipment and technology; however, Stampede may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to that of Stampede, thereby adversely affecting the Corporation's competitive advantage. Additionally, there can be no assurance that certain tools, equipment or technology which may be developed by Stampede may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, financial condition, results of operations and cash flows of Stampede.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation systems could reduce the demand for crude oil and other liquid hydrocarbons. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of hydrocarbons and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for oil and natural gas products. Stampede cannot, with any degree of certainty, predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the demand for drilling services and thus on Stampede's business, financial condition, results of operations and cash flows.

Reliance on Key Personnel

The success of the Corporation is dependent upon its key personnel, including its senior management and directors in respect of the governance, administration and management of all matters relating to the Corporation and its operations and administration. Further, Stampede may, at times, be unable to find enough skilled labour to meet its needs, which could limit its growth. Shortages of qualified personnel have occurred in the past during periods of high demand and there is no guarantee that such shortages will not occur in the future. In addition, periods of increased demand have typically led to wage rate increases which may or may not be reflected by service rate increases, while in periods of decreased demand wages may or may not be reduced to offset a potential reduction in operational day rates.

The Corporation's ability to provide reliable services is dependent upon the availability of well-trained, experienced crews to operate its field equipment. The Corporation must also balance the requirement to maintain a skilled workforce with the need to establish cost structures that fluctuate with activity levels. Within the Corporation, the most experienced employees are retained during periods of low utilization by having them fill lower level positions on field crews. It is not uncommon for the Corporation's business to experience personnel shortages in peak operating periods.

The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. The ability of the Corporation to expand its services is dependent upon its ability to attract additional qualified employees. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. The unexpected loss of the Corporation's key personnel, or the inability to retain or recruit skilled personnel could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Dependence on Suppliers

Failure of suppliers to deliver equipment in a timely and efficient manner could be detrimental to the Corporation's ability to keep customers and to grow. In addition, certain equipment is manufactured specifically for the Corporation and Stampede is dependent upon the continued availability of the manufacturer and the maintenance of the quality of manufacturing. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment. If any of the Corporation's suppliers are unable to provide the necessary equipment or parts or otherwise fail to deliver products that meet the Corporation's quality standards or the quantities required, any resulting delays in the provision of services, or in the time required to source and enter agreements with new suppliers, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions, including the Asset Acquisition, depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of an acquired business and assets may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services.

Stampede expects to continue to selectively seek strategic acquisitions. Stampede's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to it may be limited by the number of attractive acquisition targets, internal demands on Stampede's resources and, to the extent necessary, Stampede's ability to obtain financing on satisfactory terms, if at all. Acquisitions may expose Stampede to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems; managing newly acquired operations and improving their operating efficiencies; difficulties in maintaining uniform standards, controls, procedures and policies throughout all of Stampede's operations; entry into markets in which Stampede has little or no direct experience; difficulties in retaining key employees of the acquired operations; and disruptions to Stampede's ongoing business. In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. Stampede may also incur costs for and divert management attention to potential acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. Stampede's failure to effectively address any of these issues could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

While Stampede's acquisition process typically includes due diligence on the business or assets to be acquired and the acquisition agreements typically include detailed representations and warranties respecting the business or assets being acquired, there can be no assurance that Stampede will not become subject to certain undisclosed liabilities in proceeding with such transactions. In addition, any representations and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or for other reasons. Stampede has completed a number of acquisitions and there may exist liabilities that Stampede's due diligence failed or was unable to discover prior to the consummation of these acquisitions. To the extent that prior owners of businesses failed to comply with, or otherwise violated, applicable laws, Stampede, as a successor-owner, may be financially responsible for these violations. The discovery of any material liabilities could have a material adverse effect on Stampede's business, financial condition, results of operations and cash flows.

The Corporation may make dispositions of businesses and assets in the ordinary course of business. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market, certain non-core assets of the Corporation, if disposed of, could result in the Corporation receiving less than their carrying amount.

Substantial Capital Requirements and Additional Funding Requirements

Stampede's cash flow from its operations may not be sufficient to fund its ongoing activities at all times. If the Corporation's revenues and cash flow decline as a result of decreased activity levels, it may be required to reduce its planned capital expenditures. In addition, uncertain levels of near term industry activity coupled with the uncertain global economy exposes the Corporation to additional capital risk. From time to time, Stampede may require additional financing in order to carry out its operations. Failure to obtain such financing on a timely basis could cause Stampede to reduce or terminate its operations. If Stampede's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance

that additional debt or equity financing will be available to meet these requirements or be available on terms acceptable to Stampede. The Corporation's inability to raise financing to support ongoing operations or the Corporation's capital expenditures or acquisitions could limit the Corporation's growth and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Where additional financing is raised by the issuance of Shares or securities convertible into Shares, control of the Corporation may change and Shareholders may suffer dilution to their investment.

Issuance of Debt

From time to time, Stampede may enter into transactions to acquire assets or the shares of other entities. Those transactions may be financed partially or wholly with debt, which may increase Stampede's debt levels above its industry peers. Depending on future plans, Stampede may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. Neither Stampede's articles nor its bylaws limit the amount of indebtedness that Stampede may incur. The level of Stampede's future indebtedness from time to time could impair Stampede's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Variations in Foreign Exchange Rates and Interest Rates

World oil and natural gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate which will fluctuate over time. Any material increases in the value of the Canadian dollar negatively impacts the revenues of exploration and production companies, and consequently, the revenues of oil and natural gas services companies such as the Corporation. Any material increases in the value of the Canadian dollar can have a potential negative impact and may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount available to fund its capital expenditure program and operations.

Management of Growth

Stampede may be subject to growth-related risks including capacity constraints and pressure on its internal systems, controls and personnel. The ability of Stampede to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Stampede to manage growth effectively could have a material adverse impact on its business, financial condition, results of operations and cash flows.

Conflicts of Interest

The directors and officers of Stampede may also be directors or officers of other companies involved in the oil and natural gas industry and situations may arise where they are in a conflict of interest with Stampede. Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the ABCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with Stampede to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "Directors and Officers – Conflicts of Interest".

Unpredictability and Volatility of Share Price

The trading price of securities of oil and natural gas services issuers is subject to substantial volatility. This volatility is often based on factors both related and unrelated to the financial performance or prospects of the issuers involved. A publicly traded corporation will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Shares will trade cannot be predicted. The market price of the Shares could be subject to significant fluctuations in response to variations in quarterly operating results and other factors, including local and global economic conditions, governmental/regulatory actions or inactions, speculation made by media or the investment community, industry conditions, commodity prices, foreign exchange rates and political or other events unrelated to Stampede's operating performance. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds only purchase securities included in such indices, and by the presence and level of activity of short sellers in the equity markets. In addition, in certain jurisdictions, institutions, including government sponsored entities, have determined to decrease their ownership in oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Investors should not place undue reliance on historical share price as an indicator of future share price and should seek advice from a financial expert prior to investing.

In addition, the securities markets have experienced significant market wide and sectoral price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices or current perceptions of the oilfield services industry or oil and natural gas market. Such fluctuations could have a material adverse effect on the market price of the Shares.

Risks of Interruption and Casualty Losses

Stampede's operations are, or will be, subject to many hazards inherent in the oil and natural gas services industry, including unusual or unexpected geological formations, pressures, blowouts, cratering, explosions, fires, loss of well control, damaged or lost drilling, well servicing and oilfield rental equipment, and damage or loss from inclement weather or natural disasters, including as a result of climate change. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, pollution, damage to the property of others and damage to producing or potentially productive oil and natural gas formations through which Stampede's drilling equipment operates. Generally, drilling rig contracts provide a clear division of the responsibilities between an oil and natural gas services company and its customer and Stampede seeks to obtain indemnification from its customers by contract for certain of these risks. Stampede also seeks protection through insurance. However, Stampede cannot guarantee that such insurance or indemnity provisions will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses to the Corporation. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate or the Corporation may elect not to insure because of high premium costs or other reasons. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic. Although Stampede maintains liability insurance in an amount which it considers adequate and consistent with industry practice, there can be no assurance that insurance will continue to be available to Stampede on commercially reasonable terms, that the possible types of liabilities that may be incurred by Stampede will be covered by its insurance, or that the dollar amount of such liabilities will not exceed Stampede's policy limits, in which event Stampede could incur significant costs that could have a material adverse effect upon its business, financial condition, results of operations and cash flows.

Safety Performance

The safety performance of the Corporation is an important part of the Corporation's business and its customer's businesses. Stampede develops, implements and monitors strategies to ensure all of the Corporation's operations are meeting regulatory and internal safety policies and procedures. Stampede's safety performance is continuously monitored at all levels of the Corporation, including at the Board level. A decline in Stampede's safety performance could negatively impact the Corporation's ability to perform work for certain customers or potential customers, and therefore, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Tax Matters

In the ordinary course of business, Stampede may be subject to ongoing audits by tax authorities. While Stampede believes that its tax filing positions are appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. In addition, the previous tax filing positions of businesses acquired by Stampede may be reviewed and challenged by tax authorities. If such a challenge were to succeed, it could have a material adverse effect on Stampede's tax position. Further, the interpretation of and changes in tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could have a material adverse effect on Stampede's tax position. As a consequence, Stampede is unable to predict with certainty the effect of the foregoing on the Corporation's taxes payable, effective tax rate and earnings. Stampede regularly reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes materially differ from these provisions, Stampede's taxes payable, effective tax rate and earnings may be affected positively or negatively in the period in which the matters are resolved. Stampede mitigates this risk through ensuring that tax filing positions are carefully scrutinized by management and external consultants, as appropriate. There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which Stampede operates will not be changed or interpreted or administered in a manner which adversely affects Stampede and its shareholders. In addition, there is no assurance that the Canada Revenue Agency will agree with the manner in which Stampede calculates income or taxable income for tax purposes or that any of the other tax agencies will not change their administrative practices to the detriment of Stampede, Shareholders or both.

Asset Impairment

The Corporation is required to periodically review asset balances including goodwill and capital assets for impairment when certain factors indicate the need for analysis. In the case of goodwill, if any exists on the balance sheet, an impairment test must be completed at least annually. These calculations are based on management's estimates and assumptions at the time the analysis is made. Several factors are included in this analysis and may include changes in share price, cash flow and earnings estimates, changes in market conditions, and general local and global economic conditions. Any resulting future impairment write down to goodwill or capital assets could result in a non-cash charge against net earnings, and could be material in nature.

Information Technology Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Additionally, increased remote working arrangements may result in increased cyber-security risk exposure. Unauthorized access to the Corporation's information technology systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Corporation's business activities or its competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim to a cyber phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data and information, or could result in a loss of control of the Corporation's technological infrastructure or financial resources. The Corporation's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. Despite the Corporation's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation has not experienced any material impact from cyber-attacks or infrastructure failures to date, however, there is no guaranteed protection from these threats.

Social Media

Increasingly, social media is used as a vehicle to carry out cyber phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation periodically reviews, supervises, retains and maintains the ability to retrieve social media content. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

Forward-Looking Statements May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by

the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Availability of Current Credit Facilities

The amounts available under the Credit Facilities are subject to periodic review by the Corporation's lenders. There is no assurance that the amounts available to the Corporation under the Credit Facilities will not be reduced and, if the amounts available are reduced to below the amounts outstanding thereunder at the time, the excess amounts will be required to be repaid. In such event, the Corporation will have to repay such amounts from other sources, including cash flow, equity issuances or other financing alternatives, which may or may not be available or, if available, may not be available on favourable terms. The Corporation's ability to access the Credit Facilities is also directly dependent, among other factors, on satisfaction of certain financial ratios and other restrictive covenants, unless a waiver from compliance with these ratios and restrictive covenants, or an amendment thereto, is obtained from lenders when and as required. A breach of these covenants, which may be affected by events beyond the Corporation's control, could constitute an event of default which, if not cured or waived, could result in the amounts outstanding under the Credit Facilities to become due and payable immediately. There is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under the Credit Facilities, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Facilities, the lenders could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Cash Flow Risk

The Corporation will require sufficient cash flow in the future in order to service and repay any current and future indebtedness incurred, including the Credit Facilities. The Corporation's ability to generate sufficient cash flow to meet these obligations is, to a certain extent, subject to global economic, financial, competitive and other factors that may be beyond its control. If the Corporation is unable to attain future borrowings or generate cash flow from operations in an amount sufficient to service and repay its indebtedness, the Corporation will need to refinance or be in default under the agreements governing its indebtedness and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets. Such refinancing or alternative measures may not be available on favorable terms or at all. In particular, due to certain conditions in the oil and natural gas and oil and natural gas services industries and/or global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. The current conditions in the oil and natural gas and oil and natural gas services industries have negatively impacted the ability of such companies to access additional financing. The inability to service, repay and/or refinance its indebtedness could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Political Uncertainty

While Stampede's operations, based solely in North America, have not been, and are unlikely to be, directly impacted, the current conflicts in Ukraine and the Middle East and the international responses thereto have, and may continue to have, potential wide-ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short-, medium- and long-term implications of the conflicts in Ukraine and the Middle East are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the conflicts on Stampede, which could have a material adverse effect on the Corporation's business, financial condition and results of operations. Depending on the extent, duration, and severity of the conflicts, it may have the effect of heightening many of the other risks described herein, including, without limitation, the risks relating to Stampede's exposure to commodity prices; supply chains and Stampede's ability to obtain required equipment, materials or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

In addition, some North American and European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, financial condition, results of operations and cash flows.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. Any such changes may lead to decreased investor confidence, increased capital costs and operational delays for producers and service providers operating in the jurisdiction.

Political instability, at both the federal and provincial level, continues to create regulatory uncertainty, the effects of which become apparent on an ongoing basis, particularly with respect to carbon pricing regimes, curtailment of crude oil production, transportation and export capacity, and may affect the business of participants in the oil and natural gas industry.

Climate Change

Chronic Climate Change Risks

The Corporation's and/or its customers' operations and activities emit GHGs which require the Corporation to comply with federal and/or provincial GHG emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects.

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "UNFCCC") since 1992. Since its inception, the UNFCCC has instigated numerous policy experiments with respect to climate governance. 195 parties, including Canada, have adopted the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. Most recently, the UN Climate Change Conference held in November-December of 2023 ("COP28") sought to further expand global climate goals and targets. Given the commitments made by Canada, the Corporation and/or its customers may be subject to significant changes in government policy which could impact its operations and financial condition. In addition, should policies put in place result in permanent, significant reductions in the demand for fossil fuels, commodity prices could be negatively impacted and result in reduced demand for the Corporation's services. Although these policies could materially impact the Corporation, it is not possible for the Corporation to quantify or estimate such, due to the lack of clarity around policy changes and requirements currently, as well as the timing of the same.

Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. If, due to climate change, sustained higher temperatures shorten the winter season, the Corporation's business may be impacted negatively as those geographic areas that require winter access may be accessible for a shorter period per year. See "Risk Factors – Seasonality/Weather".

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels which has influenced investors' willingness to invest in the oil and natural gas industry. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation, the results of which are mixed and continually evolving.

Given the evolving nature of climate change policy and the control of GHGs and resulting requirements, it is not currently possible to predict the impact on the Corporation and its business, financial condition, results of operations and cash flows. It is expected that current and future climate change regulations will have the effect of potentially reducing the demand for oil and natural gas production, which may result in a decrease in demand for the Corporation's services and a corresponding decrease in the Corporation's profitability and a reduction in the value of its assets or requiring asset impairments for financial statement purposes. See "Risk Factors – Changing Investor Sentiment".

Acute Climate Change Risk

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict the Corporation's ability to access its, or its customers', properties, cause operational difficulties including damage to machinery, rigs, and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets, including its rigs, may be located from time to time in regions that are close to forests or rivers and a wildfire or flood may lead to significant downtime and/or damage to such assets. Moreover, extreme weather conditions may lead to disruptions in the Corporation's goods and services in its supply chain.

Changing Investor Sentiment

A number of factors, including the effects of the use of fossil fuels on climate change, concerns of the impact of oil and natural gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the oil and natural gas industry, including potentially the oil and natural gas services sector. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Corporation, may result in limiting the Corporation's access to capital, increasing the cost of capital and decreasing the price and liquidity of the Shares.

Litigation

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, relating to personal injuries, property damage and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation, and as a result, could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Intellectual Property Litigation

Due to the rapid development of oil and natural gas and drilling technology, in the normal course of the Corporation's operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or commenced lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (i) pay substantial damages; (ii) cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (iii) expend significant resources to develop or acquire non-infringing intellectual property; (iv) discontinue processes incorporating infringing technology; or (v) obtain licenses to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licenses may not be available on reasonable terms. Any such development, acquisition or license could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Breach of Confidentiality

In the normal course of the Corporation's business, the Corporation may discuss potential business relationships, transactions with third parties, financing solutions or other activities and at which time the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. The Corporation takes commercially reasonable measures to ensure confidentiality agreements are signed by third parties prior to the disclosure of any confidential information or to otherwise ensure the confidentiality of such information is maintained; however, a breach or failure of these measures could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Foreign Operations

The Corporation's future growth plans may contemplate establishing operations in foreign countries, including countries where the political and economic systems may be less stable than those in North America. Risks of foreign operations include, but are

not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, repatriation of earnings, social unrest or civil war, acts of terrorism, extortion or armed conflict and uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation. While the impact of these factors cannot be accurately predicted, if any of the risks materialize, they could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

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 Accounting Standards and are therefore referred to as non-generally accepted accounting principles ("non-GAAP") 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 Accounting Standards as an indicator of the Corporation's performance. The Corporation's method of calculating adjusted EBITDA may differ from that of other organizations and, accordingly, its adjusted EBITDA may not be comparable to that of other companies.

	Three months ended, December 31			Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Net income	3,237	3,483	(7%)	10,504	8,210	28%
Depreciation	1,898	1,421	34%	7,076	4,747	49%
Finance costs	504	450	12%	1,974	1,246	58%
Other income	(16)	-	nm	(31)	(9)	244%
(Gain) loss on asset disposal	555	(533)	(204%)	(91)	(530)	(83%)
Share-based payments	92	886	(90%)	1,009	1,029	(2%)
Transaction costs	2	14	(86%)	31	609	(95%)
Foreign exchange (gain)	15	16	(6%)	7	3	133%
Adjusted EBITDA	6,287	5,737	10%	20,479	15,305	34%

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. Readers should be cautioned, however, that gross margin should not be construed as an alternative to net income (loss) determined in accordance with IFRS Accounting Standards 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 financial statements, to gross margin and gross margin percentage:

	Three months ended, December 31			Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Income from operations	6,811	6,859	(1%)	22,482	17,831	26%
Depreciation of property and equipment	1,792	1,311	37%	6,649	4,484	48%
Gross margin	8,603	8,170	5%	29,131	22,315	31%
Gross margin %	40%	35%	5%	34%	33%	1%

(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) may not be comparable to that of other companies.

Working Capital (excluding debt)	**December 31, 2023**	**December 31, 2022**
Total current assets:	17,938	14,926
Total current liabilities	(11,956)	(19,753)
Add back current portion of debt		
Demand Facility	-	6,794
Convertible debentures	-	2,380
Long term debt	2,370	2,431
Working capital (excluding debt)	8,352	6,778

(v) **Free cash flow** - is calculated based on funds flow 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, December 31			Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**	**2023**	**2022**	**% Change**
Funds from operating activities	6,287	5,706	10%	20,431	14,659	39%
Maintenance and sustaining capital	(230)	(4,500)	(95%)	(5,184)	(2,078)	149%
Interest paid on Demand Facility	(23)	(136)	(83%)	(588)	(412)	43%
BDC principal payments	-	(100)	nm	(1,500)	(400)	275%
Interest on BDC loan	-	(30)	nm	(91)	(101)	(10%)
Term Loan principal payments	(199)	(333)	(40%)	(699)	(567)	23%
Interest on Term Loan Facility	(426)	(169)	152%	(994)	(353)	182%
Total free cash flow	5,409	438	1,135%	11,375	10,748	6%

nm - not meaningful

The free cash flow table above does not include the one-time principal repayment relating to the amendment to the Term Loan Facility ($9,000), for the year ended December 31, 2023.

SUPPLEMENTARY FINANCIAL MEASURES

The Corporation uses supplementary financial measures that are not defined terms under IFRS Accounting Standards 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 two categories, growth capital, and maintenance and sustaining capital. 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 two 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.

	Year ended, December 31		
(000's CAD $)	**2023**	**2022**	**% Change**
Capital expenditures:			
Asset acquisitions	-	26,741	nm
Growth capital	9,271	12,303	(25%)
Maintenance and sustaining capital	5,184	2,078	149%
Total capital expenditures	14,455	41,122	(65%)

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; forecasts regarding utilization and day rates for the remainder of 2024; capital allocations of the Corporation for 2024; expectations regarding the Corporation's balance sheet and financial resiliency; the crewing and contracting of the Corporation's rigs; anticipated industry wide challenges with access to qualified field labour; the assessment of additional acquisition opportunities by the Corporation; 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; expectations regarding the Corporation's outstanding accounts receivable and the collection thereof; 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's critical accounting estimates and judgments are reasonable; that the Corporation has adequate access to its Credit Facilities 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 condition of the global economy, including certain geopolitical risks; the stability of the economic and political environment in which the Corporation operates; the ability of the Corporation to retain qualified staff; management's ability to crew underutilized assets; 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; 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, interest rates, the ongoing conflict in Ukraine, the Middle East 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 under the heading "Risk Factors" in the Corporation's AIF dated March 14, 2024, for the year ended December 31, 2023, and from time to time in Stampede's public disclosure documents available at www.sedarplus.ca.

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.

For further information, please contact:

Lyle Whitmarsh

President & Chief Executive Officer

Stampede Drilling Inc.

Tel: (403) 984-5042