Management's Discussion & Analysis

Stampede Drilling Inc.

For the three month periods ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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, as well as the condensed unaudited consolidated interim financial statements and notes for the three month period ended March 31, 2024 and 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 May 13, 2024 and is in respect of the three month period ended March 31, 2024.

Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. See “Forward-Looking Information” in this MD&A for additional details.

FINANCIAL SUMMARY

	Three months ended, March 31		
(000’s CAD $ except per share amounts)	**2024**	**2023**	**% Change**
Revenue	27,499	25,697	7%
Direct operating expenses	17,586	17,383	1%
Gross margin(1)	9,913	8,314	19%
Net income	4,941	3,765	31%
Basic and diluted income per share	0.02	0.02	0%
Adjusted EBITDA(1)	7,665	5,990	28%
Funds from operating activities	7,614	5,966	28%
Free cash flow(1)	5,151	4,092	26%
Weighted average common shares outstanding (000's)	211,276	224,771	(6%)
Weighted average diluted common shares outstanding (000's)	212,029	230,624	(8%)
Capital expenditures	6,180	2,241	176%
Number of marketed rigs	19	19	0%
Drilling rig utilization(2)	55%	54%	1%
CAOEC industry average utilization(3)	50%	45%	5%

(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 March 31		
(000’s CAD $)	**2024**	**2023**	**% Change**
Current assets	20,902	19,241	9%
Total assets	125,616	113,211	11%
Total current liabilities	14,414	18,656	(23%)
Total non-current liabilities	17,895	9,703	84%
Total equity	93,307	84,852	10%

DESCRIPTION OF STAMPEDE'S BUSINESS

Stampede is an energy services company that provides premier contract drilling services in Western Canada. Stampede operates a fleet of 18 telescopic double drilling rigs and 1 high spec triple drilling rig suited for most formations within the Western Canadian Sedimentary Basin ("WCSB"). The Corporation's head office is located in Calgary, Alberta with operations based out of Nisku, Alberta and Estevan, Saskatchewan. The Corporation's common shares trade on the TSX Venture Exchange under the symbol "SDI".

FIRST QUARTER 2024 OPERATIONAL HIGHLIGHTS

- **Achieved record Net Income of $4,941** – an increase of $1,176 or 31% from the first quarter of 2023. The increase was primarily related to increased operating days and revenue per day, reduction in general and administrative expenses and increase in gross margin percentage.
- **Achieved record Q1 Adjusted EBITDA(1) of $7,665** – an increase of $1,675 or 28% from the first quarter of 2023. The increase was primarily related to higher revenue due to increased revenue per day, and the reduction in general and administrative expenses and increase in gross margin percentage.
- **Achieved record Revenue of $27,499** – an increase of $1,802 or 7% from the first quarter of 2023, driven by increased number of operating days and increased day rate.
- **Free Cash Flow(1) of $5,151** – an increase of $1,059 or 26% primarily related to the increase from funds from operating activities.
- **Gross Margin(1) of 36%** – an increase of 4% from 32% in the corresponding 2023 period. The increase was primarily related to an increase in revenue per day combined with the decrease in operating costs.
- **Repurchase of 1,255 common shares** – In the first quarter of 2024 the Corporation repurchased and cancelled 1,255 common shares under its normal course issuer bid ("NCIB") at a weighted average price per common share of $0.23, for a total consideration of $292. The total amount of common shares repurchased and cancelled during the first quarter of 2024 represents 0.59% of the total issued and outstanding common shares of the Corporation.

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

OUTLOOK

Posting our strongest financial quarter to date, Stampede achieved record-breaking results in revenue, adjusted EBITDA, and net income during the first quarter of 2024. With 17 out of its 19 rig fleet operational during this period, the Corporation anticipates maintaining this positive momentum post spring break-up and into the back half of the year. The optimistic outlook for Western Canada, driven by rising global demand and increased tidewater access for Canadian produces from the startup of the Trans Mountain pipeline expansion in 2024 and LNG Canada planned for 2025, thereby supporting increased forecasted drilling activity amid ongoing geopolitical challenges affecting global energy supply and commodity prices.

Benefiting from a solid industry backdrop, growth potential, and financial stability, Stampede is strategically positioned for success, focusing on executing strategic initiatives and maximizing shareholder returns. The Corporation's emphasis on safety and strategic priorities is upheld by a dedicated team of employees committed to operational excellence and value creation for shareholders. With a strong balance sheet and minimal debt levels, Stampede stands well positioned for further expansion and sustained growth in the energy services landscape.

RESULTS FROM OPERATIONS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2024

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Revenue	27,499	25,697	7%
Direct operating expenses	17,586	17,383	1%
Gross margin[1]	9,913	8,314	19%
Gross margin %[1]	36%	32%	4%
Net income	4,941	3,765	31%
General and administrative expenses	2,524	2,650	(5%)
Adjusted EBITDA[1]	7,665	5,990	28%
Drilling rig operating days[2]	956	918	4%
Drilling rig revenue per day[3]	28.8	28.0	3%
Drilling rig utilization[4]	55%	54%	1%
CAOEC industry average utilization[5]	50%	45%	5%

[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 $27,499** – an increase of $1,802 (7%) from $25,697 in the corresponding 2023 period. The increase was primarily related to increased number of operating days, combined with increased revenue per day.
- **Operating days of 956** – an increase of 38 operating days (4%) from 918 operating days in the corresponding 2023 period. Operating days increased as a result of higher drilling rig utilization compared to the corresponding period of 2023.
- **Gross margin percentage of 36%** – an increase of 4% from 32% in the corresponding 2023 period. The increase was primarily related to an increase in revenue per day combined with the decrease in operating costs.
- **Net income of $4,941** – an increase of $1,176 (31%) from $3,765 in the corresponding 2023 period. The increase was primarily related to increased operating days and revenue per day, reduction in general and administrative expenses and increase in gross margin percentage.
- **Adjusted EBITDA of $7,665** – an increase of $1,675 (28%) from $5,990 in the corresponding 2023 period. The increase was primarily related to higher revenue due to increased revenue per day, reduction in general and administrative expenses and increase in gross margin percentage.
- **General and administrative expenses of $2,524** – a decrease of $126 (5%) from $2,650 in the corresponding 2023 period. The decrease was primarily related to the WCB credits received, reduction in share-based compensation expense, and one time recruiting costs in the corresponding 2023 period.

EXPENSES

General and Administrative Expenses

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Administrative expenses	758	881	(14%)
Salaries and benefits	1,490	1,443	3%
Share-based payments	170	216	(21%)
Depreciation of right-of-use assets	106	110	(4%)
Total general and administrative expenses	2,524	2,650	(5%)

- **Administrative expenses of $758** – a decrease of $123 (14%) from $881 in the corresponding 2023 period. The decrease was primarily primarily related to the WCB credits received in the first quarter of 2024 and one time recruiting costs in the corresponding 2023 period.
- **Salaries and benefits of $1,490** – an increase of $47 (3%) from $1,443 in the corresponding 2023 period. The increase was primarily due to increased headcount and related compensation expenses due to the increased 2024 activity levels.
- **Share-based payments of $170** – a decrease of $46 (21%) from $216 in the corresponding 2023 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 $106** – a decrease of $4 (4%) from $110 in the corresponding 2023 period. The decrease was a result of no new leases entered into during the first quarter of 2024. Depreciation of right-of-use assets represents the straight-line amortization of the Corporation's lease assets.

Depreciation of Property and Equipment

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Depreciation of property and equipment	1,962	1,515	30%

- **Depreciation of property and equipment of $1,962** – an increase of $447 (30%) from $1,515 in the corresponding 2023 period. The increase was primarily due to the new addition of depreciable capital expenditures that occurred in the last three quarters of 2023 and the first quarter of 2024.

Other Income (Expenses)

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Gain on asset disposals	19	48	(60%)
Finance costs	(517)	(429)	21%
Foreign exchange gain	13	10	30%
Transaction costs	(1)	(13)	(92%)
Total other income (expenses)	(486)	(384)	27%

- **Gain on asset disposals of $19** – a decrease of $29 (60%) from $48 in the corresponding 2023 period. The gain was related to the sale of underutilized and fully depreciated assets. The timing of asset disposals can fluctuate significantly from period to period.
- **Finance costs of $517** – an increase of $88 (21%) from $429 in the corresponding 2023 period. The increase in finance costs was related to a higher average borrowing base and increased prime interest rates on the Corporation's prime rate debts.

SUMMARY OF QUARTERLY RESULTS

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

	2024	2023				2022		
(000's CAD $)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Revenue	27,499	21,494	25,520	13,244	25,697	23,238	20,722	8,352
Net income (loss)	4,941	3,237	3,559	(61)	3,765	3,483	2,865	(461)
Basic and diluted net income (loss) per share	0.02	0.01	0.02	(0.00)	0.02	0.02	0.02	(0.00)
Total assets	125,616	118,568	117,856	112,889	113,211	108,280	106,205	73,248

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 2024.

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.

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 Facility and equity financings.

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Cash provided by (used in):			
Operating activities	2,326	2,795	(17%)
Investing activities	(7,244)	(3,769)	92%
Financing activities	2,053	932	(120%)
Decrease in cash	(2,865)	(42)	6,721%

Cash Flows from Operating Activities

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Funds from operating activities	7,614	5,966	28%
Changes in non-cash working capital balances	(5,288)	(3,171)	67%
Cash flows from operating activities	2,326	2,795	(17%)

For the three month period ended March 31, 2024, funds from operating activities were $7,614, up $1,648 (28%) from $5,966 in the corresponding 2023 period. The increase in funds from operating activities was primarily a result of higher net income in the first quarter of 2024 compared to the corresponding period of 2023.

For the three month period ended March 31, 2024, net cash flows from operating activities were $2,326, down $469 (17%) from $2,795 in the corresponding 2023 period. The overall decrease was a result of the increase in changes in non-cash working capital balances.

As at March 31, 2024, the Corporation had total net working capital (excluding debt) of $11,919 compared to $8,352 at December 31, 2023. 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

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Capital expenditures:			
Growth capital(1)	5,168	1,085	376%
Maintenance and sustaining capital(1)	1,012	1,156	(12%)
Total capital expenditures	6,180	2,241	176%
Proceeds from the disposition of property and equipment	(47)	(48)	(2%)
Changes in non-cash working capital balances	1,111	1,576	(30%)
Cash flows used in investing activities	7,244	3,769	92%

(1) Refer to 'Supplementary Financial Measures' for details

For the three month period ended March 31, 2024, total cash flows used in investing activities were $7,244, up $3,475 (92%) from $3,769 in the corresponding 2023 period. For the three month period ended March 31, 2024, the Corporation incurred $6,180 in total capital expenditures, up $3,939 (176%) from $2,241 in the corresponding 2023 period.

For the three month period ended March 31, 2024, the Corporation invested $5,168 in growth capital, up $4,083 (376%) from $1,085 in the corresponding 2023 period. Growth capital relates to equipment upgrades to improve the operating efficiency and marketability of the drilling rigs.

For the three month period ended March 31, 2024, the Corporation incurred $1,012 in maintenance and sustaining capital, down $144 (12%) from $1,156 in the corresponding 2023 period. The decrease in maintenance and sustaining capital was related to a reduction in minor maintenance during the first quarter in 2024. 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 Financing Activities

For the three month period ended March 31, 2024, cash flows from financing activities were $2,053, up $1,121 (120%) from $932 from financing activities in the corresponding 2023 period.

The increase in financing activities is primarily related to the amendments to the Syndicated Facility and the Operating Facility (collectively, the "Demand Facility"), the Corporation's new $20,000 Term Loan Facility, funding the increased operating and capital activity during the quarter, and NCIB purchases participated in 2023 and 2024.

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 March 31, 2024, the Demand Facility was subject to the following financial covenants:

	Covenant	March 31, 2024	December 31, 2023
Fixed Charge Coverage Ratio(1)	1.50:1.00 or more	4.84:1.00	4.35:1.00
Net Funded Debt to EBITDA Ratio(2)	3.00:1.00 or less	1.00:1.00	0.80:1.00

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 Borrower 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 March 31, 2024, $3,729 (December 31, 2023 - $0) was drawn on the Demand Facility 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 are calculated as 2.5% of the outstanding principal.

The Term Loan 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 and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation. The Term Loan is subject to the same covenants as described for the Demand Facility above, which the Corporation was in compliance with as at March 31, 2024.

As at March 31, 2024, a total of $19,013 was outstanding on the Term Loan and the Corporation had $324 in unamortized debt issuance costs. The amount of the Term Loan excluding unamortized debt issuance costs due within one year is $1,702 and $16,987 is due beyond one year.

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

	March 31, 2024	December 31, 2023
Term Loan	19,013	20,000
Less: unamortized debt issuance costs	(324)	(356)
Long term debt	18,689	19,644
Long term debt due within one year	1,702	2,370
Long term debt due beyond one year	16,987	17,274

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of March 31, 2024:

(000's CAD $)	2024	2025	2026	2027
Demand Facility	3,729	-	-	-
Term Loan	1,391	1,697	15,925	-
Term Loan interest(1)	1,175	1,434	984	-
Lease liabilities	364	391	379	291
Accounts payable and accrued liabilities	8,524	-	-	-
Other liabilities	36	11	11	5
Total	15,219	3,533	17,299	296

(1) Payments were estimated based on applicable interest rate at March 31, 2024

OUTSTANDING SHARE DATA

	May 13, 2024	March 31, 2024	December 31, 2023
Common shares outstanding	213,959,095	211,799,095	212,005,095
Stock options outstanding	13,007,500	15,292,500	16,372,500
Restricted share units outstanding - cash settled	703	703	-

For the period from April 1, 2024 to May 13, 2024, the Corporation issued 2,160 common shares from treasury as a result of the options exercised during the period.

OFF-BALANCE SHEET ARRANGEMENTS

During the first three months of 2024 and the corresponding period in 2023, the Corporation had no off-balance sheet arrangements.

MATERIAL ACCOUNTING POLICIES

Other than as outlined below, material accounting policies are consistent with the audited annual financial statements for the year ended December 31, 2023.

Restricted Share Units Plan

The Corporation has a cash-settled restricted share unit ("RSU") plan for certain named executives of the Corporation. Under the terms of the restricted share unit plan, RSUs granted will vest in three equal portions on the first, second and third anniversary of the grant date. RSU grants will be settled in cash in the amount equal to the volume-weighted-average trading price of the common shares of the Corporation for the five trading days preceding the particular vesting date of the award. The fair value of the RSUs granted is expensed into income over the same period that the units vest and at each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in Condensed Consolidated Interim Statements of Income and Comprehensive Income for the period.

Amended standards adopted by the Corporation

The Corporation has adopted the following accounting amendments that are effective for the interim and annual consolidated financial statements starting January 1, 2024. The adoption of these standards did not have a material impact on the consolidated financial statements.

Amendments to IAS 1 - Presentation of Financial Statements ("IAS 1"), issued in 2020 and 2022, clarify requirements for classifying liabilities as current or non-current and introduce additional disclosures of material information that enables users of financial statements to comprehend the risk that non-current liabilities with covenants may become payable within the next twelve months.

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 March 31, 2024 reconciles to the opening loss allowance provision as follows:

	Amount ($)
At December 31, 2023	275
Decrease in credit loss allowance	(26)
As at March 31, 2024	249

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 periods ended March 31, 2024, the Corporation had three customers that comprised 14%, 14%, and 12% of total revenue, compared to two customers that comprised 13% and 10% of total revenue for the period ended March 31, 2023.

For the accounts receivable balances outstanding as at March 31, 2024, the Corporation had three customers that comprised 12%, 11%, and 11% of the total balance as compared to five customers that comprised 20%, 18%, 11%, 11%, and 11% of the total balance as at December 31, 2023.

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

	March 31, 2024	December 31, 2023
Within 30 days	7,688	4,934
31 to 60 days	6,863	5,883
61 to 90 days	2,129	1,288
Over 90 days	1,453	1,225
Accrued accounts receivable	1,947	1,080
Allowance for doubtful accounts	(249)	(276)
Accounts receivable	19,831	14,134

Liquidity Risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at March 31, 2024, the Corporation had working capital (excluding debt) of $11,919 compared to $8,352 at December 31, 2023 (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.

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

	March 31, 2024	December 31, 2023
Accounts payable	6,095	6,630
Accrued liabilities	2,429	2,475
Total accounts payable and accrued liabilities	8,524	9,105
Other current liabilities	42	60
Total current accounts payable and accrued liabilities and other liabilities	8,566	9,165
Other liabilities	22	27
Total accounts payable, accrued liabilities and other liabilities	8,588	9,192

Depending on the credit terms of the trade payable, interest will be charged after a predetermined number of days from the date of the invoice. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest Rate Risk:
The Corporation is exposed to interest rate fluctuations on its operating Demand Facility and Term Loan which bears interest at floating market rates. For the three month period ended March 31, 2024, 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 $53. 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 three month period ended March 31, 2024, 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 immaterial

exposure to foreign exchange for financial instruments outstanding at March 31, 2024.

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, 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 approximates its carrying amount as the Term Loan has a floating interest rate. At March 31, 2024, 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 March 31, 2024 and 2023, the fair value of the investment in equity securities approximates the carrying value.

RISKS AND UNCERTAINTIES

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

For the three month period ended March 31, 2024, the Corporation assessed the impact of the Russian invasion of Ukraine as well as the Israeli Palestine conflict, and the current commodity price volatility on its balance sheet carrying amounts. This review required the use of judgements and estimates that resulted in no material impacts.

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

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A contains references to (i) adjusted EBITDA, (ii) Gross margin (iii) Gross margin percentage (iv) Working capital (excluding debt), and (v) free cash flow. These financial measures are not measures that have any standardized meaning prescribed by IFRS 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 and comprehensive 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, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Net income	4,941	3,765	31%
Depreciation	2,068	1,625	27%
Finance costs	517	429	21%
Gain on asset disposal	(19)	(48)	(60%)
Share-based payments	170	216	(21%)
Transaction costs	1	13	(92%)
Foreign exchange (gain)	(13)	(10)	30%
Adjusted EBITDA	7,665	5,990	28%

(ii) **Gross margin** - is defined as "Income from operations before depreciation of property and equipment". Gross margin is a measure that provides shareholders and potential investors additional information regarding the Corporation's cash generating and operating performance. Management utilizes this measure to assess the Corporation's operating performance. Investors should be cautioned, however, that gross margin should not be construed as an alternative to net income (loss) determined in accordance with IFRS 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 interim financial statements, to gross margin and gross margin percentage:

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Income from operations	7,951	6,799	17%
Depreciation of property and equipment	1,962	1,515	30%
Gross margin	9,913	8,314	19%
Gross margin %	36%	32%	4%

(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)	March 31, 2024	December 31, 2023
Total current assets:	20,902	17,938
Total current liabilities	(14,414)	(11,956)
Add back current portion of debt		
Demand Facility	3,729	-
Long term debt	1,702	2,370
Working capital (excluding debt)	11,919	8,352

(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, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Funds from operating activities	7,614	5,966	28%
Maintenance and sustaining capital	(1,012)	(1,156)	(12%)
Interest paid on Demand Facility	(63)	(155)	(59%)
BDC principal payments	-	(100)	nm
Interest on BDC loan	-	(32)	nm
Term Loan principal payments	(987)	(250)	295%
Interest on Term Loan	(401)	(181)	122%
Total free cash flow	5,151	4,092	26%

nm - not meaningful

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.

	Three months ended, March 31		
(000's CAD $)	**2024**	**2023**	**% Change**
Capital expenditures:			
Growth capital	5,168	1,085	376%
Maintenance and sustaining capital	1,012	1,156	(12%)
Total capital expenditures	6,180	2,241	176%

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; future projects and the anticipated benefits thereof to the Corporation, including potential increased drilling activity; and expectations regarding future expansion and sustained growth in the energy services landscape.

Forward-looking information is based on certain assumptions that Stampede has made in respect thereof as at the date of this MD&A regarding, among other things: the Corporation's ability to fully crew and contract its rigs; the success of the measures implemented by the Corporation to ensure the safe, efficient and reliable operations at each of its drilling sites; the creditworthiness of the Corporation's customers and counterparties; the effectiveness of the Corporation's financial risk management policies at ensuring all payables are paid within the pre-agreed credit terms; that the Corporation has adequate access to its credit facility to provide the necessary liquidity needed to manage fluctuations in the timing of receipt and/or disbursement of operating cash flows; expectations regarding Stampede's share price; the impact of inflation, weather conditions, and expectations regarding the duration and overall impact of the continued conflicts in Ukraine and the Middle East; the ability of the Corporation to retain qualified staff; the ability of the Corporation to maintain key customers; the ability of the Corporation to obtain financing on acceptable terms; the belief that the Corporation's principal sources of liquidity will be sufficient to service its debt and fund its operations and other strategic opportunities; the ability to protect and maintain the Corporation's intellectual property; and the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Corporation operates.

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

While Stampede believes the expectations and material factors and assumptions reflected in the forward-looking information is reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct. Forward-looking information is not a guarantee of future performance and actual results or events could differ materially from the expectations of the Corporation expressed in or implied by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information is subject to a number of known and unknown risks and uncertainties including, but not limited to: the condition of the global economy, including trade, inflation, the ongoing conflict in Ukraine, 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" in the Corporation's annual MD&A and under the heading "Risk Factors" in the Corporation's AIF, each dated March 14, 2024 for the year ended December 31, 2022, 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