

DATE: May 13, 2024

STAMPEDE DRILLING INC. ANNOUNCES 2024 RECORD BREAKING FIRST QUARTER RESULTS

CALGARY, ALBERTA – Stampede Drilling Inc. (“Stampede” or the “Corporation”) (TSX-V: SDI) announces today its consolidated financial and operational results for the three month period ended March 31, 2024.

The following press release 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”), the related management’s discussion and analysis (“MD&A”) 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 periods 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.

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 press release for additional details.

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.

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, Stampede stands well positioned for further expansion and sustained growth in the energy services landscape.

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

FINANCIAL SUMMARY

(000's CAD \$ except per share amounts)	Three months ended, March 31		
	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.

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".

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

(000's CAD \$)	Three months ended, March 31		
	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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This news release contains references to (i) adjusted EBITDA, (ii) Gross margin (iii) Gross margin percentage, and (iv) 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.

(000's CAD \$)	Three months ended, March 31		
	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:

(000's CAD \$)	Three months ended, March 31		
	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) **Free cash flow** - is calculated based on funds from operating activities less maintenance and sustaining capital, and interest and principal debt repayments. The Corporation uses this measure to assess the discretionary cash that management has to invest in growth capital, asset acquisitions, or return capital to shareholders. The Corporation's method of calculating free cash flow may differ from that of other organizations and, accordingly, its free cash flow may not be comparable to that of other companies. The following table reconciles the Corporation's funds from operating activities to free cash flow.

(000's CAD \$)	Three months ended, March 31		
	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

FORWARD-LOOKING INFORMATION

Certain statements contained in this new release 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 new release 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 new release 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 new release 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 new release 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 new release is expressly qualified by this cautionary statement.

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