Management's Discussion & Analysis

Stampede Drilling Inc.

For the three and six month periods ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.

(“Stampede” or the “Corporation”)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 (IFRS) applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting (together, 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 and six month periods ended June 30, 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: 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 July 25, 2024 and is in respect of the three and six month periods ended June 30, 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, June 30			Six months ended, June 30		
(000’s CAD $ except per share amounts)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Revenue	9,918	13,797	(28%)	37,417	39,495	(5%)
Direct operating expenses	6,980	9,482	(26%)	24,566	26,865	(9%)
Gross margin(1)	2,938	4,315	(32%)	12,851	12,630	2%
Net (loss) income	(2,248)	(61)	3,585%	2,691	3,704	(27%)
Basic and diluted (loss) income per share	(0.01)	(0.00)	nm	0.01	0.02	(50%)
Adjusted EBITDA(1)	934	2,553	(63%)	8,596	8,544	1%
Funds from operating activities	905	2,527	(64%)	8,516	8,494	0%
Free cash flow(1)	(841)	(1,977)	(57%)	4,307	2,116	104%
Weighted average common shares outstanding (000's)	213,557	228,590	(7%)	212,417	226,691	(6%)
Weighted average diluted common shares outstanding (000's)	213,557	228,590	(7%)	212,728	230,171	(8%)
Capital expenditures	3,632	4,715	(23%)	9,812	6,956	41%
Number of marketed rigs	19	19	0%	19	19	0%
Drilling rig utilization(2)	20%	29%	(9%)	38%	41%	(3%)
CAOEC industry average utilization(3)	30%	25%	5%	40%	35%	5%

nm - not meaningful
(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 June 30		
(000’s CAD $)	**2024**	**2023**	**% Change**
Current assets	11,761	16,002	(27%)
Total assets	117,904	112,889	4%
Total current liabilities	9,142	18,394	(50%)
Total non-current liabilities	17,417	9,356	86%
Total equity	91,345	85,139	7%

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 (the "TSXV") under the symbol “SDI”.

SECOND QUARTER 2024 OPERATIONAL HIGHLIGHTS

- **Revenue of $9,918** – a decrease of $3,879 (28%) from $13,797 in the corresponding 2023 period. The decrease was primarily due to the decreased number of operating days.
- **Gross Margin(1) of 30%** – a decrease of 1% from 31% in the corresponding 2023 period. The decrease was primarily due to the reduction in operating days and revenue, and as a result an increase in repair and maintenance costs per day.
- **Net Loss of $2,248** – a decrease of $2,187 (3,585%) from $61 in the corresponding 2023 period. The decrease was primarily related to the decreased revenue as a result of lower operating days and higher depreciation expenses compared to the corresponding period of 2023.
- **Adjusted EBITDA(1) of $934** – a decrease of $1,619 (63%) from $2,553 in the corresponding 2023 period. The decrease was primarily due to weather delays during the quarter resulting in a reduction in operating days, and operating margin.
- **Free Cash Flow(1) of $841** – a decrease of $1,136 (57%) primarily related to the decrease of funds from operating activities.
- **Repurchase of 2,600 common shares** – In the second quarter of 2024 the Corporation repurchased and cancelled 2,600 common shares under its normal course issuer bid (the “NCIB”) at a weighted average price per common share of $0.23, for total consideration of $597. The total amount of common shares repurchased and cancelled during the second quarter of 2024 represents 1.23% of the total issued and outstanding common shares of the Corporation.

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

OUTLOOK

Currently the Corporation has 13 out of its 19 rigs operating as of the date of this MD&A. The Corporation anticipates maintaining this positive momentum 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.

The Corporation ended the second quarter of 2024 with a debt to EBITDA ratio of 0.77x. Stampede continues to demonstrate prudent debt management, maintaining financial risk at manageable levels.

The Corporation is undrawn on its $30,000 revolving credit facility, enhancing financial flexibility for responding to market changes and to capitalize on opportunities as they arise. With the NCIB program renewed on June 3, 2024, the Corporation can further return value to shareholders through share buybacks, dependent on market conditions and growth prospects. Notably, the Company has repurchased 4,075 shares for cancellation through the NCIB, spending a total of $941 at an average share price of $0.23 per share as of this MD&A date in 2024.

The Corporation's organisational structure continues to drive growth, efficiency and resilience, allowing quick adaptation, and sustainable expansion while controlling costs in both up and down markets.

RESULTS FROM OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2024

	Six months ended, June 30		
(000's CAD $)	**2024**	**2023**	**% Change**
Revenue	37,417	39,495	(5%)
Direct operating expenses	24,566	26,865	(9%)
Gross margin(1)	12,851	12,630	2%
Gross margin %(1)	34%	32%	2%
Net income	2,691	3,704	(27%)
General and administrative expenses	5,156	4,864	6%
Adjusted EBITDA(1)	8,596	8,544	1%
Drilling rig operating days(2)	1299	1426	(9%)
Drilling rig revenue per day(3)	28.8	27.7	4%
Drilling rig utilization(4)	38%	41%	(3%)
CAOEC industry average utilization(5)	40%	35%	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 $37,417** – a decrease of $2,078 (5%) from $39,495 in the corresponding 2023 period. The decrease was primarily due to the decreased number of operating days.
- **Operating days of 1,299** – a decrease of 127 (9%) from 1,426 operating days in the corresponding 2023 period. Operating days decreased due to weather delays in the second quarter of 2024, resulting in lower drilling rig utilization compared to the corresponding period of 2023.
- **Gross margin percentage of 34%** – an increase of 2% from 32% in the corresponding 2023 period. The increase was primarily due to a 4% increase in revenue per day.
- **Net income of $2,691** – a decrease of $1,013 (27%) from $3,704 in the corresponding 2023 period. The decrease was primarily related to the decreased revenue as a result of lower operating days and higher depreciation expenses compared to the corresponding period of 2023.
- **Adjusted EBITDA of $8,596** – an increase of $52 (1%) from $8,544 in the corresponding 2023 period. The increase was primarily related to the increase in revenue per day and gross margin, partially offset by an increase in general and administrative expenses compared to the corresponding period of 2023.
- **General and administrative expenses of $5,156** – an increase of $292 (6%) from $4,864 in the corresponding 2023 period. The increase was primarily related to the increase in share-based compensation expense, and increased salary expenses in 2024.

EXPENSES

General and Administrative Expenses

	Six months ended, June 30		
(000's CAD $)	2024	2023	% Change
Administrative expenses	1,494	1,540	(3%)
Salaries and benefits	2,761	2,546	8%
Share-based payments	690	562	23%
Depreciation of right-of-use assets	211	216	(2%)
Total general and administrative expenses	5,156	4,864	6%

- **Administrative expenses of $1,494** – a decrease of $46 (3%) from $1,540 in the corresponding 2023 period. The decrease was primarily related to consulting costs incurred in the prior year, where the consultant was brought on full time for 2024 and is included in salaries and benefits for 2024.
- **Salaries and benefits of $2,761** – an increase of $215 (8%) from $2,546 in the corresponding 2023 period. The increase was primarily related to a consultant brought on full time in 2024, as well as general compensation increases.
- **Share-based payments of $690** – an increase of $128 (23%) from $562 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 Property and Equipment

	Six months ended, June 30		
(000's CAD $)	2024	2023	% Change
Depreciation of property and equipment	4,028	3,143	28%

- **Depreciation of property and equipment of $4,028** – an increase of $885 (28%) from $3,143 in the corresponding 2023 period. The increase was primarily due to the new addition of depreciable capital assets that occurred in the last two quarters of 2023 and the first two quarters of 2024.

Other Income (Expenses)

	Six months ended, June 30		
(000's CAD $)	2024	2023	% Change
Gain on asset disposals	21	12	75%
Finance costs	(1,023)	(902)	13%
Other income	13	3	333%
Foreign exchange gain (loss)	19	(3)	(733%)
Transaction costs	(6)	(29)	(79%)
Total other (expenses)	(976)	(919)	6%

- **Finance costs of $1,023** – an increase of $121 (13%) from $902 in the corresponding 2023 period. The increase in finance costs was related to the increase in the term loan as a part of the debt amendments which occurred in the third quarter 2023.

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 $)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	9,918	27,499	21,494	25,520	13,244	25,697	23,238	20,722
Net (loss) income	(2,248)	4,941	3,237	3,559	(61)	3,765	3,483	2,865
Basic and diluted net (loss) income per share	(0.01)	0.02	0.01	0.02	(0.00)	0.02	0.02	0.02
Total assets	117,904	125,616	118,568	117,856	112,889	113,211	108,280	106,205

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

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 JUNE 30, 2024

	Three months ended, June 30		
(000's CAD $)	2024	2023	% Change
Revenue	9,918	13,797	(28%)
Direct operating expenses	6,980	9,482	(26%)
Gross margin(1)	2,938	4,315	(32%)
Gross margin %(1)	30%	31%	(1%)
Net loss	(2,248)	(61)	3,585%
General and administrative expenses	2,630	2,214	19%
Adjusted EBITDA(1)	934	2,553	(63%)
Drilling rig operating days(2)	343	508	(32%)
Drilling rig revenue per day(3)	28.9	27.2	6%
Drilling rig utilization(4)	20%	29%	(9%)
CAOEC industry average utilization(5)	30%	25%	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 $9,918** – a decrease of $3,879 (28%) from $13,797 in the corresponding 2023 period. The decrease was primarily due to the decreased number of operating days.
- **Operating days of 343** – a decrease of 165 (32%) from 508 operating days in the corresponding 2023 period. Operating days decreased due to weather delays in the second quarter of 2024, resulting in lower drilling rig utilization compared to the corresponding period of 2023.
- **Gross margin percentage of 30%** – a decrease of 1% from 31% in the corresponding 2023 period. The decrease was primarily due to the reduction in operating days and revenue, and as a result an increase in repair and maintenance costs per day.
- **Net loss of $2,248** – a decrease of $2,187 (3,585%) from $61 in the corresponding 2023 period. The decrease was primarily related to the decreased revenue as a result of lower operating days and higher depreciation expenses compared to the corresponding period of 2023.
- **Adjusted EBITDA of $934** – a decrease of $1,619 (63%) from $2,553 in the corresponding 2023 period. The decrease was primarily due to weather delays during the quarter resulting in a reduction in operating days, and operating margin.
- **General and administrative expenses of $2,630** – an increase of $416 (19%) from $2,214 in the corresponding 2023 period. The increase was primarily related to the increase in share-based compensation expense, and increased salary expenses in the second quarter of 2024.

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 Corporation's credit facilities and equity financings.

	Six months ended, June 30		
(000's CAD $)	2024	2023	% Change
Cash provided by (used in):			
Operating activities	12,344	6,941	78%
Investing activities	(10,533)	(7,182)	47%
Financing activities	(2,939)	219	(1,442%)
Decrease in cash	(1,128)	(22)	5,027%

Cash Flows from Operating Activities

(000's CAD $)	Six months ended, June 30 2024	2023	% Change
Funds from operating activities	8,516	8,494	0%
Changes in non-cash working capital balances	3,828	(1,553)	(346%)
Net cash flows from operating activities	12,344	6,941	78%

For the six month period ended June 30, 2024, funds from operating activities were $8,516, up $22 (0%) from $8,494 in the corresponding 2023 period. The increase is a result of an increase in operating margin partially offset by an increase in general and administrative expenses.

For the six month period ended June 30, 2024, net cash flows from operating activities were $12,344, up $5,403 (78%) from $6,941 in the corresponding 2023 period. The overall increase was a result of the increase in changes in non-cash working capital balances.

As at June 30, 2023, the Corporation had total net working capital (excluding debt) of $4,275 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

(000's CAD $)	Six months ended, June 30 2024	2023	% Change
Capital expenditures:			
Growth capital(1)	7,986	3,380	136%
Maintenance and sustaining capital(1)	1,826	3,576	(49%)
Total capital expenditures	9,812	6,956	41%
Proceeds from the disposition of property and equipment	(81)	(52)	56%
Changes in non-cash working capital balances	802	278	188%
Cash flows used in investing activities	10,533	7,182	47%

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

For the six month period ended June 30, 2024, total cash flows used in investing activities were $10,533, up $3,351 (47%) from $7,182 in the corresponding 2023 period. For the six month period ended June 30, 2024, the Corporation incurred $9,812 in total capital expenditures, up $2,856 (41%) from $6,956 in the corresponding 2023 period.

For the six month period ended June 30, 2024, the Corporation invested $7,986 in growth capital, up $4,606 (136%) from $3,380 in the corresponding 2023 period. Growth capital related to equipment upgrades to improve the operating efficiency and marketability of the drilling rigs.

For the six month period ended June 30, 2024, the Corporation incurred $1,826 in maintenance and sustaining capital, down $1,750 (49%) from $3,576 in the corresponding 2023 period. The decrease in maintenance and sustaining capital was related to a reduction in maintenance during the second 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 "Supplementary 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 six month period ended June 30, 2024, cash flows used in financing activities were $2,939, up $3,158 (1,442%) from $219 cash flow from financing activities in the corresponding 2023 period.

The increase in financing activities is primarily related to the $50,000 credit agreement entered into by the Corporation and certain financial institutions on September 21, 2023 (the "Credit Agreement"), which has an initial term of three years, and repurchases of the Corporation's common shares under the NCIB in 2023 and 2024.

Under the Credit Agreement, Stampede has an available limit of $15,000 under a revolving credit facility (the "Syndicated Facility"),

$15,000 under an additional revolving credit facility (the "Operating Facility", and collectively with the Syndicated Facility, the "Demand Facility") and $20,000 under a non-revolving term loan (the "Term Loan Facility").

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 June 30, 2024, the Demand Facility was subject to the following financial covenants:

	Covenant	June 30, 2024	December 31, 2023
Fixed Charge Coverage Ratio(1)	1.50:1.00 or more	4.35:1.00	4.35:1.00
Net Funded Debt to EBITDA Ratio(2)	3.00:1.00 or less	0.77:1.00	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 Corporation for the previous 12 calendar months ending at such quarter end less Unfinanced Capital Expenditures (as defined in the Credit Agreement), cash Taxes and cash Distributions (each as defined in the Credit Agreement) 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 (as defined in the Credit Agreement) 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 June 30, 2024, the Demand Facility had a nil balance (December 31, 2023 - $0) and the Corporation was in compliance with all covenants.

Term Loan Facility

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 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 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, which the Corporation was in compliance with as at June 30, 2024.

As at June 30, 2024, a total of $18,537 was outstanding on the Term Loan Facility and the Corporation had $291 in unamortized debt issuance costs. The amount of the Term Loan Facility excluding unamortized debt issuance costs due within one year is $1,656 and $16,590 is due beyond one year.

Long term debt of the Corporation, excluding the Demand Facility and the convertible debentures (all of which were converted into common shares of the Corporation on February 7, 2023) which are classified as current liabilities is as follows:

	June 30, 2024	December 31, 2023
Term Loan	18,537	20,000
Less: unamortized debt issuance costs	(291)	(356)
Long term debt	18,246	19,644
Long term debt due within one year	1,656	2,370
Long term debt due beyond one year	16,590	17,274

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of June 30, 2024:

(000's CAD $)	2024	2025	2026	2027
Term Loan	915	1,697	15,925	-
Term Loan interest(1)	751	1,392	955	-
Lease liabilities	242	391	379	291
Accounts payable and accrued liabilities	7,066	-	-	-
Other liabilities	21	11	11	5
Total	8,994	3,491	17,270	296

(1) Payments were estimated based on the applicable interest rate at June 30, 2024

OUTSTANDING SHARE DATA

	July 25, 2024	June 30, 2024	December 31, 2023
Common shares outstanding	210,997,000	211,359,000	212,005,095
Stock options outstanding	18,308,000	18,308,000	16,372,500
Restricted share units outstanding - cash settled	703	703	-

Normal Course Issuer Bid

On May 28, 2024, the TSXV accepted the renewal of Stampede's NCIB that allows the Corporation to repurchase for cancellation, through the facilities of the TSXV and/or alternative trading platforms, up to 20,137,617 common shares, representing 10% of the Corporation's Public Float (as such term is defined in TSXV Policy 1.1 – *Interpretation*). The NCIB commenced on June 3, 2024 and will expire on the earlier of June 2, 2025 and the date on which Stampede has acquired the maximum number of common shares allowable under the NCIB. Shareholders can obtain a copy of the Corporation's Notice of Intention to Make a Normal Course Issuer Bid filed with the TSXV, without charge, by contacting the Corporation.

For the period from July 1, 2024, to July 25, 2024, the Corporation repurchased and cancelled 362,000 common shares at a weighted average price per share of $0.23 pursuant to its NCIB.

OFF-BALANCE SHEET ARRANGEMENTS

During the first six month 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 (Loss) and Comprehensive Income (Loss) for the period.

Amended standards adopted by the Corporation

In January 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. In October 2022, the IASB issued further amendments to specify that the classification of debt as current or non-current at the reporting date is not affected by covenants to be complied with after the reporting date. The amendments were adopted on January 1, 2024 and had no impact on the Company's interim consolidated financial statements.

Accounting standards issued by not yet applied

In April 2024, the IASB issued IFRS 18 "Presentation and Disclosure in Financial Statements", which provides presentation and disclosure requirements for the primary financial statements and related notes, replacing IAS 1 “Presentation of Financial Statements". IFRS 18 introduces defined categories for income and expenses and requires disclosure of new defined subtotals, including operating profit. The new standard also requires additional notes for management performance measures and disclosure of certain expenses by nature. There are some associated changes to the statement of cash flows, including the starting point for the calculation of cash flows from operating activities and the categorization of interest and dividends. IFRS 18 is effective January 1, 2027, with early adoption permitted. The new standard is required to be adopted retrospectively. The Company is assessing the impact of IFRS 18 on the Company’s consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures", to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments also clarify the requirements for assessing whether a financial asset meets the solely payments of principal and interest criterion, and adds disclosure requirements for financial instruments with certain contingent features and for equity investments designated at fair value through other comprehensive income. The amendments are effective January 1, 2026, with early adoption permitted. The amendments are required to be adopted retrospectively, and do not require comparatives to be restated. The Company is assessing the impact of the amendments on the Company’s consolidated financial statements.

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 June 30, 2024 reconciles to the opening loss allowance provision as follows:

	Amount ($)
At December 31, 2023	275
Decrease in credit loss allowance	(108)
At June 30, 2024	167

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

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

For the six month period ended June 30, 2024, the Corporation had three customers that comprised 19%, 11% and 11% of total revenue, compared to one customer that comprised 14% of total revenue for the period ended June 30, 2023.

For the accounts receivable balances outstanding as at June 30, 2024, the Corporation had two customers that comprised 28% and 12% 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:

	June 30, 2024	December 31, 2023
Within 30 days	3,483	4,934
31 to 60 days	1,585	5,883
61 to 90 days	349	1,288
Over 90 days	1,974	1,225
Accrued accounts receivable	1,763	1,080
Allowance for doubtful accounts	(167)	(276)
Accounts receivable	8,987	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 June 30, 2024, the Corporation had working capital (excluding debt) of $4,275 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:

	June 30, 2024	December 31, 2023
Accounts payable	5,115	6,630
Accrued liabilities	1,951	2,475
Total accounts payable and accrued liabilities	7,066	9,105
Other current liabilities	26	60
Total current accounts payable and accrued liabilities and other liabilities	7,092	9,165
Other liabilities	22	27
Total accounts payable, accrued liabilities and other liabilities	7,114	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 Facility which bears interest at floating market rates. For the three month period ended June 30, 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 $40. For the six month period ended June 30, 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 $93. 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 six month period ended June 30, 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 June 30, 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 Facility approximates its carrying amount as the Term Loan Facility has a floating interest rate. At June 30, 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 June 30, 2024 and December 31, 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 six month period ended June 30, 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, June 30			**Six months ended, June 30**		
(000's CAD $)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Net (loss) income	(2,248)	(61)	3,585%	2,691	3,704	(27%)
Depreciation	2,172	1,734	25%	4,239	3,359	26%
Finance costs	506	473	7%	1,023	902	13%
Other income	(13)	(3)	333%	(13)	(3)	333%
(Gain) loss on asset disposal	(2)	35	(106%)	(21)	(12)	75%
Share-based payments	520	346	50%	690	562	23%
Transaction costs	5	16	(69%)	6	29	(79%)
Foreign exchange (gain) loss	(6)	13	(146%)	(19)	3	(733%)
Adjusted EBITDA	934	2,553	(63%)	8,596	8,544	1%

(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, June 30			**Six months ended, June 30**		
(000's CAD $)	**2024**	**2023**	**% Change**	**2024**	**2023**	**% Change**
Income from operations	872	2,687	(68%)	8,823	9,487	(7%)
Depreciation of property and equipment	2,066	1,628	27%	4,028	3,143	28%
Gross margin	2,938	4,315	(32%)	12,851	12,630	2%
Gross margin %	30%	31%	(1%)	34%	32%	2%

(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)	June 30, 2024	December 31, 2023
Total current assets:	11,761	17,938
Total current liabilities	(9,142)	(11,956)
Add back current portion of debt		
Demand Facility	-	-
Long term debt	1,656	2,370
Working capital (excluding debt)	4,275	8,352

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

	Three months ended, June 30			Six months ended, June 30		
(000's CAD $)	2024	2023	% Change	2024	2023	% Change
Funds from operating activities	905	2,527	(64%)	8,516	8,494	0%
Maintenance and sustaining capital	(814)	(2,420)	(66%)	(1,826)	(3,576)	(49%)
Interest paid on Demand Facility	(49)	(198)	(75%)	(112)	(353)	(68%)
BDC principal payments	-	(1,400)	nm	-	(1,500)	nm
Interest on BDC loan	-	(59)	nm	-	(91)	nm
Term Loan principal payments	(476)	(250)	90%	(1,463)	(500)	193%
Interest on Term Loan Facility	(407)	(177)	130%	(808)	(358)	126%
Total free cash flow	(841)	(1,977)	(57%)	4,307	2,116	104%

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.

	Six months ended, June 30		
(000's CAD $)	**2024**	**2023**	**% Change**
Capital expenditures:			
Growth capital	7,986	3,380	136%
Maintenance and sustaining capital	1,826	3,576	(49%)
Total capital expenditures	9,812	6,956	41%

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; the Corporation's ability to return value to shareholders through repurchases of common shares under the NCIB; the expected effects of seasonality and weather on the Corporation's operations and business; 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, 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