



**Unaudited Condensed Consolidated Interim Financial Statements of**

**Stampede Drilling Inc.**

For the three month periods ended March 31, 2026 and 2025

(Expressed in Canadian Dollars)

**Stampede Drilling Inc.**

## Unaudited Condensed Consolidated Interim Statements of Financial Position

<i>(Stated in thousands of Canadian dollars)</i>	Note	March 31, 2026	December 31, 2025
<b>Assets</b>			
<b>Current Assets</b>			
Cash		663	655
Trade and other receivables	12	16,938	14,781
Prepaid expenses and deposits		325	376
<b>Total Current Assets</b>		<b>17,926</b>	<b>15,812</b>
<b>Non-Current Assets</b>			
Property and equipment	8	105,595	106,133
Investment in equity securities	7	4,000	4,000
Right-of-use assets	3	1,649	1,802
Goodwill		461	461
<b>Total Non-Current Assets</b>		<b>111,705</b>	<b>112,396</b>
<b>Total Assets</b>		<b>129,631</b>	<b>128,208</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	12, 15	9,316	7,431
Demand Facility	9, 15	3,285	5,775
Term Loan Facility	9, 15	1,387	1,425
Lease liabilities	4, 15	602	593
<b>Total Current Liabilities</b>		<b>14,590</b>	<b>15,224</b>
<b>Non-Current Liabilities</b>			
Term Loan Facility	9, 15	13,868	14,201
Lease liabilities	4, 15	1,091	1,245
Deferred tax liabilities		1,881	1,119
<b>Total Non-Current Liabilities</b>		<b>16,840</b>	<b>16,565</b>
<b>Total Liabilities</b>		<b>31,430</b>	<b>31,789</b>
<b>Shareholders' Equity</b>			
Share capital	10	76,940	76,951
Contributed surplus		16,971	16,903
Accumulated other comprehensive income		903	909
Accumulated deficit		(2,218)	(3,949)
<b>Total Shareholders' Equity</b>		<b>92,596</b>	<b>90,814</b>
<b>Non-Controlling interest</b>	6	5,605	5,605
<b>Total Equity</b>		<b>98,201</b>	<b>96,419</b>
<b>Total Liabilities and Equity</b>		<b>129,631</b>	<b>128,208</b>

Note 15 Commitments and Contractual Obligations

Signed "Thane Russell"  
Director

Signed "Murray Hinz"  
Director

See accompanying notes to these condensed consolidated interim financial statements.

**Stampede Drilling Inc.**

## Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income

<i>(Stated in thousands of Canadian dollars, except per share amounts)</i>	Note	Three months ended, March 31	
		2026	2025
<b>Revenue</b>	16	25,801	23,408
Cost of sales:			
Direct operating expenses		17,430	15,539
Depreciation of property and equipment	8	2,399	2,277
		19,829	17,816
<b>Income from operations</b>		5,972	5,592
<b>Expenses</b>			
Administrative		864	1,074
Salaries and benefits		1,677	1,680
Share based payments	11	368	219
Depreciation of right-of-use assets	3	153	145
		3,062	3,118
<b>Income before finance costs and other income (expense)</b>		2,910	2,474
Gain on asset disposals	8	1	23
Finance costs	13	(428)	(442)
Other income (expense)		2	(5)
Foreign exchange gain		8	-
Transaction costs		-	(19)
<b>Income from operations before taxes</b>		2,493	2,031
Current tax expense		-	-
Deferred income tax expense		762	577
Total income tax		762	577
<b>Net income</b>		1,731	1,454
<b>Net income attributable to:</b>			
Shareholders		1,731	1,454
Non-controlling interests	6	-	-
		1,731	1,454
<b>Other comprehensive expense</b>			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		(6)	(1)
<b>Total comprehensive income</b>		1,725	1,453
<b>Total comprehensive income attributable to:</b>			
Shareholders		1,725	1,453
Non-controlling interests	6	-	-
		1,725	1,453
<b>Basic income per share</b>	5	\$0.01	\$0.01
<b>Diluted income per share</b>	5	\$0.01	\$0.01

See accompanying notes to these condensed consolidated interim financial statements.

**Stampede Drilling Inc.**

Unaudited Condensed Consolidated Interim Statements of Changes in Equity  
(Stated in thousands of Canadian dollars)

	Note	Share Capital Shares (000's)	Amount \$	Contributed Surplus \$	Accumulated Other Comprehensive Income \$	Non- Controlling Interest \$	Deficit \$	Total Equity \$
<b>Balance as at January 1, 2025</b>		<b>204,197</b>	<b>80,099</b>	<b>14,157</b>	<b>899</b>	<b>5,607</b>	<b>(7,767)</b>	<b>92,995</b>
Share based payments expense		-	-	227	-	-	-	227
Shares repurchased under NCIB		(1,130)	(448)	281	-	-	-	(167)
Comprehensive (loss) income for the period		-	-	-	(1)	-	1,454	1,453
<b>Balance as at March 31, 2025</b>		<b>203,067</b>	<b>79,651</b>	<b>14,665</b>	<b>898</b>	<b>5,607</b>	<b>(6,313)</b>	<b>94,508</b>
<b>Balance as at January 1, 2026</b> <sup>(1)</sup>		<b>196,221</b>	<b>76,951</b>	<b>16,903</b>	<b>909</b>	<b>5,605</b>	<b>(3,949)</b>	<b>96,419</b>
Share based payments expense	11	-	-	62	-	-	-	62
Shares repurchased under NCIB	10	(28)	(11)	6	-	-	-	(5)
Comprehensive (loss) income for the period		-	-	-	(6)	-	1,731	1,725
<b>Balance as at March 31, 2026</b>		<b>196,193</b>	<b>76,940</b>	<b>16,971</b>	<b>903</b>	<b>5,605</b>	<b>(2,218)</b>	<b>98,201</b>

<sup>(1)</sup> 3,720 shares were repurchased on December 29, 2025, and cancelled by treasury on January 2, 2026. As a result, the ending shares issued and outstanding at December 31, 2025, net of treasury shares of 3,720 was 196,221. The ending share registry balance for December 31, 2025 was 199,942.

See accompanying notes to these condensed consolidated interim financial statements.

**Stampede Drilling Inc.**

Unaudited Condensed Consolidated Interim Statements of Cash Flows

		Three months ended, March 31	
<i>(Stated in thousands of Canadian dollars)</i>		2026	2025
	Note		
<b>Cash flows from (used in) the following activities:</b>			
<b>Operating activities</b>			
Net income		1,731	1,454
Adjustments for:			
Share based payments	11	62	227
Depreciation	3, 8	2,552	2,422
Gain on asset disposals	8	(1)	(23)
Finance costs	13	428	442
Deferred income tax expense		762	577
Unrealized foreign exchange gain		(8)	-
<b>Funds from operating activities</b>		<b>5,526</b>	<b>5,099</b>
Changes in non-cash working capital items	14	(496)	(2,121)
<b>Net cash flows from operating activities</b>		<b>5,030</b>	<b>2,978</b>
<b>Financing activities</b>			
Term Loan Facility principal payments	9	(398)	(441)
Interest paid on Term Loan Facility	13	(252)	(299)
(Repayment) Borrowing on Demand Facility	9	(2,490)	1,503
Interest paid on Demand Facility	13	(123)	(101)
Shares repurchased under NCIB	10	(5)	(167)
Lease liability payments	4	(171)	(163)
<b>Net cash flows (used in) from financing activities</b>		<b>(3,439)</b>	<b>332</b>
<b>Investing activities</b>			
Additions to property and equipment	8	(1,909)	(4,792)
Proceeds from the disposition of property and equipment	8	49	61
Changes in non-cash working capital balances	14	275	1,374
<b>Net cash flows used in investing activities</b>		<b>(1,585)</b>	<b>(3,357)</b>
<b>Change in cash</b>		<b>6</b>	<b>(47)</b>
Effect of foreign exchange rate changes on cash		2	(1)
<b>Cash, beginning of period</b>		<b>655</b>	<b>756</b>
<b>Cash, end of the period</b>		<b>663</b>	<b>708</b>
<b>Supplementary cash flow disclosure information:</b>			
Interest paid during the period		375	400

See accompanying notes to these condensed consolidated interim financial statements.

**STAMPEDE DRILLING INC.**  
**(In thousands of Canadian dollars except for per share amounts)**

**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**March 31, 2026 and 2025**

**1. REPORTING ENTITY**

Stampede Drilling Inc. (the "Corporation") was incorporated pursuant to the provisions of the Canada Business Corporations Act on January 7, 2011 and maintains its head office at Western Canadian Place (South Tower), Suite 2600, 700 – 9<sup>th</sup> Ave SW, Calgary, Alberta, T2P 3V4. The Corporation is a publicly traded company listed on the TSX Venture Exchange ("the Exchange") under the symbol "SDI". The Corporation offers oilfield services to the oil and natural gas industry in the Western Canadian Sedimentary Basin ("WCSB").

The condensed consolidated interim financial statements of the Corporation are comprised of the Corporation, its wholly owned subsidiary Stampede Drilling (US) Inc, 50% owned subsidiary 2391764 Alberta Ltd. (Note 6) and the 18% ownership held in equity investments in two unlisted private Alberta companies.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2025, prepared according to IFRS Accounting Standards. Unless otherwise noted, the Corporation has consistently applied the same accounting policies throughout all periods presented, as if these policies were always in effect.

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policies in the annual consolidated financial statements for the year ended December 31, 2025, and are presented in Canadian dollars, which is the Corporation's functional and reporting currency. The Corporation's US subsidiary uses US dollars as its functional currency.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Corporation's Board of Directors on May 14, 2026.

Seasonality

An assessment or comparison of the Corporation's 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 the Corporation. Results are impacted by the gain or loss of key customers and levels of customer capital expenditure. As contracts are short-term in nature, gains or losses of key customers can fluctuate. From a seasonality perspective, the Corporation operates all 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.

**(b) Critical accounting estimates and judgments**

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

In addition, the evolving worldwide demand for energy and global advancement of alternative sources of energy that are not sourced from fossil fuels could result in a change in assumptions used in determining the useful lives of the Corporation's property

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and equipment and recoverable amount of property and equipment and investments 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.

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

A full list of the key sources of estimation uncertainty can be found in the Corporation's annual consolidated financial statements for the year ended December 31, 2025. The current market conditions have increased the complexity of estimates and assumptions used to prepare the condensed consolidated interim financial statements.

**(c) Material accounting policies**

Other than as outlined below, material accounting policies are consistent with the annual consolidated financial statements for the year ended December 31, 2025.

**(d) Accounting standards issued by not yet applied**

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* (IFRS 18), 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 Corporation is currently assessing the required adjustments to its chart of accounts, along with other enterprise system change requirements. Draft financial statements are being prepared to quantify the impact of changes, as are draft management performance measures and the related disclosures. Throughout 2026, the Corporation will finalize its drafted disclosures, prepare retrospective disclosures for the comparative period, and continue communication with stakeholders.

**(e) Accounting standards adopted in the period**

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.

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**3. RIGHT-OF-USE ASSETS**

As lease liabilities are recognized, there is a corresponding right-of-use asset recorded at the date of which the asset becomes available for use. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

	Total
<b>Cost</b>	
Balance at December 31, 2025	2,825
Balance at March 31, 2026	2,825
<b>Accumulated depreciation</b>	
Balance at December 31, 2025	1,023
Depreciation	153
Balance at March 31, 2026	1,176
<b>Carrying amounts</b>	
Balance at December 31, 2025	1,802
Balance at March 31, 2026	1,649

**4. LEASE LIABILITIES**

The Corporation incurs lease payments related to corporate and field offices, and vehicle leases, entered into in coordination with specific business requirements which includes the assessment of the appropriate duration of the related leased assets. The Corporation has recognized lease liabilities measured at the present value of the remaining lease payments, except for leases of low-value assets which have been charged to direct operating and administrative expenses in the condensed consolidated interim statements of income and comprehensive income.

	Total
Balance at December 31, 2025	1,838
Interest expense	26
Lease payments	(171)
Balance at March 31, 2026	1,693
Less: Current portion	602
Ending balance - non-current portion	1,091

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**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
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**5. EARNINGS PER SHARE**

Basic and diluted income per share have been calculated based on the net income divided by the weighted average number of common shares outstanding for the three month periods ended March 31, 2026 and 2025 based on the following data:

	Three months ended, March 31	
	2026	2025
Net income	1,731	1,454
Weighted average common shares	196,221	204,066
Effect of stock options	-	-
Weighted average common shares - Diluted	196,221	204,066
Basic income per common share	\$0.01	\$0.01
Diluted income per common share <sup>(1)</sup>	\$0.01	\$0.01

<sup>(1)</sup> For the three months ended March 31, 2026, 14.7 million, respectively (2025 - 17.7 million) common shares related to the assumed exercise of stock-based compensation were excluded from the calculation of dilutive net income per share, as the effect was anti-dilutive.

**6. NON-CONTROLLING INTEREST**

On January 4, 2022, the Corporation created a subsidiary 2391764 Alberta Ltd., by entering into an agreement with a private Alberta company ("AlbertaCo"). 2391764 Alberta Ltd.'s principal place of business and incorporation is within the province of Alberta, Canada. The Corporation owns 50% and has 66.7% voting rights of the Board of Directors of 2391764 Alberta Ltd. The Corporation has accounted for its 50% share of 2391764 Alberta Ltd. using the consolidation method. These consolidated financial statements include 100% of the assets and liabilities related to 2391764 Alberta Ltd. and 50% non-controlling interest representing the net assets attributable to the non-controlling shareholders. The subsidiary specializes in the engineering, manufacturing and supply of fully integrated under balanced coil drilling rigs and corresponding support equipment for the oil and gas industry.

The summarized financial information for 2391764 Alberta Ltd., before inter-company eliminations, is provided below.

	March 31, 2026	December 31, 2025
<b>Statements of Financial Position</b>		
Current assets	13	15
Non-current assets	12,489	12,489
Non-current liabilities	1,094	1,095
Net Assets	11,408	11,409
Attributable to NCI <sup>(1)</sup>	5,604	5,605

<sup>(1)</sup> Differences in amounts attributable to NCI and 50% of net assets due to fair value adjustments recorded on initial contribution.

	Three months ended, March 31	
	2026	2025
<b>Statements of Comprehensive Income</b>		
Expenses	-	-
Net Income (loss)	-	-
Net income (loss) attributable to NCI	-	-

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	Three months ended, March 31	
	2026	2025
<b>Statements of Cash Flows</b>		
Cash flows used in operating activities	1	-
Cash flows used in financing activities	-	-
Cash flows used in investing activities	-	-
Change in cash position	1	-

No dividends were paid out to the non-controlling interest for the three month period ended March 31, 2026 (2025 - \$nil).

**7. INVESTMENT IN EQUITY SECURITIES**

The Corporation holds an 18% ownership interest in the shares of two private Alberta companies, which are controlled by AlbertaCo. The investments have been designated by the Corporation to be measured at fair value through other comprehensive income ("FVOCI") as they are not publicly traded and are fair valued based on unobservable inputs (Level 3). These investments controlled by AlbertaCo, provide technology for coil tubing drilling operations.

As at March 31, 2026, the estimated fair value of investment in equity securities is \$4,000 (2025 - \$4,000). No dividends were declared or paid out to the Corporation for the three month period ended March 31, 2026 (2025 - \$nil).

**8. PROPERTY AND EQUIPMENT**

	Rigs and related equipment
<b>Cost</b>	
Balance at December 31, 2025	147,529
Additions	1,909
Disposals	(338)
Balance at March 31, 2026	149,100
<b>Accumulated depreciation and impairment</b>	
Balance at December 31, 2025	41,396
Depreciation for the period	2,399
Disposals	(290)
Balance at March 31, 2026	43,505
<b>Carrying amounts</b>	
Balance at December 31, 2025	106,133
Balance at March 31, 2026	105,595

Included in property and equipment at March 31, 2026 are assets under construction of \$9,422 (December 31, 2025 - \$10,323) which will not depreciate until the assets are placed into service.

During the period ended March 31, 2026, property and equipment with a total net book value of \$48 (2025 - \$38) were disposed of for total proceeds of \$49 (2025 - \$61).

The Corporation reviews the carrying value of its assets at each reporting period for indicators of impairment in accordance with the accounting policy in the December 31, 2025 annual consolidated financial statements.

As at March 31, 2026, the Corporation determined there were no impairment indicators in the land-based contract drilling CGU.

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**9. LOANS AND BORROWINGS**

**Demand Operating Revolving Loan Facility (“Demand Facility”)**

On July 21, 2025, the Corporation amended and restated their Credit Agreement, extending the term of the Credit Agreement from September 20, 2026 to September 20, 2028. Under the Credit Agreement, the Corporation will have an available limit of \$15,000 under a revolving credit facility and \$15,000 under an additional revolving credit facility comprised of the following margin requirements:

- (i) 75% of Acceptable Receivables from Non-Investment Grade Customers; plus
- (ii) 85% of Acceptable Receivables from Investment Grade Customers and Major Customers; plus
- (iii) The lesser of (a) 50% of net book value of the capital assets of the Corporation, subject to the limitations, and (b) 50% of the net orderly liquidation value of the capital assets and equipment for the Corporation located in Canada and the United States of America; less
- (iv) Potential Prior Ranking Claims: less
- (v) Accounts 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 earnings before interest, taxes, depreciation and amortization (“EBITDA”) and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation.

As at March 31, 2026, the Demand Facility was subject to the following financial covenants:

	Covenant	March 31, 2026	December 31, 2025
Fixed Charge Coverage Ratio <sup>(1)</sup>	1.50:1.00 or more	4.11:1.00	3.78:1.00
Net Funded Debt to EBITDA Ratio <sup>(2)</sup>	3.00:1.00 or less	1.26:1.00	1.54:1.00

EBITDA is calculated as net income plus interest expense, income taxes, depreciation and amortization, other non-cash charges, transaction costs not to exceed \$1,500, cash dividends, and losses attributable to minority equity investments, less non-cash gains, and income attributable to minority equity investments. EBITDA shall be calculated on a trailing twelve-month basis:

1. Fixed Charge Coverage Ratio means, as at each quarter end, the ratio of (i) EBITDA of the borrower for the previous 12 calendar months ending at such quarter end less unfinanced capital expenditures, cash taxes and cash distributions to shareholders of the borrower 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, 2026, \$3,285 (December 31, 2025 - \$5,775) was drawn on the Demand Facility and the Corporation was in compliance with all covenants.

**Term Loan Facility (“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, 2028, 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%

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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 March 31, 2026.

As at March 31, 2026, a total of \$15,527 (December 31, 2025 - \$15,925) was outstanding on the Term Loan Facility and the Corporation had \$272 (December 31, 2025 - \$299) in unamortized debt issuance costs. The amount of the Term Loan Facility excluding unamortized debt issuance costs due within one year is \$1,387 and \$13,868 is due beyond one year.

As at March 31, 2026, the balance of the Term Loan Facility is as follows and the Corporation was in compliance with all covenants.

	March 31, 2026	December 31, 2025
Term Loan Facility	15,527	15,925
Less: unamortized debt issuance costs	(272)	(299)
Long term debt	15,255	15,626
Long term debt due within one year	1,387	1,425
Long term debt due beyond one year	13,868	14,201

**10. SHARE CAPITAL**

Authorized

The authorized share capital of the Corporation consists of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares, issuable in series, none of which are issued or outstanding as of March 31, 2026.

Authorized and Issued Common Shares

	Number (000's)	Amount (\$)
Balance at December 31, 2025	196,221	76,951
Shares repurchased under NCIB	(28)	(11)
Balance at March 31, 2026	196,193	76,940

**Normal Course Issuer Bid ("NCIB")**

On December 3, 2025, the Corporation announced that it had received TSX Venture Exchange ("TSXV") approval to commence a normal course issuer bid to purchase for cancellation a maximum of 18,602 of its common shares representing 10% of the Corporation's public float through the facilities of the TSXV and/or alternative trading platforms, commencing on December 9, 2025 and expiring on the earlier of December 8, 2026 and the date on which the Corporation has acquired the maximum number of common shares allowable under the normal course issuer bid.

All common shares repurchased under the NCIB are returned to treasury for cancellation. For the three month period ended March 31, 2026, the Corporation had repurchased and cancelled 28 common shares at a weighted average price per share of \$0.18 pursuant to its NCIB.

**11. SHARE BASED PAYMENTS**

Stock options

The Corporation has an incentive stock option plan, which provides that the Board of Directors of the Corporation from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

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**March 31, 2026 and 2025**

A summary of the Corporation's outstanding stock options as at March 31, 2026 and December 31, 2025 and the changes for the period then ended, is as follows:

Stock Options	Outstanding (000's)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2024	17,727	0.28
Options granted to employees and directors	900	0.15
Options exercised	-	-
Options expired	-	-
Options forfeited	(340)	0.30
Outstanding at December 31, 2025	18,287	0.27
Options granted to employees and directors	-	-
Options exercised	-	-
Options expired	(2,558)	0.21
Options forfeited	(1,000)	0.20
Outstanding at March 31, 2026	14,729	0.29

Range of Exercise Prices	Total Outstanding		
	Number (000's)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
<u>Employees and directors</u>			
\$0.15 to \$0.19	400	0.15	4.16
\$0.20 to \$0.27	4,969	0.24	2.99
\$0.30 to \$0.41	9,360	0.32	1.65
	14,729	0.29	1.75

Range of Exercise Prices	Exercisable		
	Outstanding (000's)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
<u>Employees and directors</u>			
\$0.20 to \$0.27	2,610	0.24	2.87
\$0.30 to \$0.41	8,874	0.32	1.62
	11,484	0.30	1.91

Shared-based payments

For the three month period ended March 31, 2026, the Corporation recorded equity-settled share-based payment expense of \$62 (2025 - \$227).

Restricted share units

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.

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A summary of the Corporation's outstanding restricted share units as at March 31, 2026 and December 31, 2025 and the changes for the period then ended, is as follows:

(000's Units)	Restricted Share Units
Balance at December 31, 2025	1,889
Granted	1,187
Vested	(631)
Forfeited	(252)
Balance at March 31, 2026	2,193

(000's CAD \$)	Three months ended, March 31	
	2026	2025
Cash-settled share-based compensation expense		
Expense arising from RSUs	306	(8)
Total cash-settled share-based compensation expense	306	(8)

As at March 31, 2026, \$439 of outstanding liabilities for cash-settled compensation plans (December 31, 2025 - \$133) are included in accounts payable and accrued liabilities disclosed in note 12.

Stock based compensation expense recognized in the condensed consolidated interim statements of income and comprehensive income is comprised of the following:

(000's CAD \$)	Three months ended, March 31	
	2026	2025
Stock options	62	227
RSUs - cash settled expense	306	(8)
Total stock based compensation expense	368	219

**12. FINANCIAL INSTRUMENTS**

Capital management

The Corporation's objective when managing capital is to safeguard its ability to continue as a going concern so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation defines capital as share capital and working capital, which was \$80,276 as at March 31, 2026 (December 31, 2025 - \$77,539). For the three month period ended March 31, 2026, the Corporation complied with externally imposed requirements on its capital, including covenants related to its Demand Facility and Term Loan Facility and expects to remain in compliance over the next year.

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

Credit risk

IFRS 9 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.

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The loss allowance provision for trade accounts receivable as at March 31, 2026 reconciles to the opening loss allowance provision as follows:

	Amount (\$)
At December 31, 2025	109
Increase in credit loss allowance	10
At March 31, 2026	119

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 are held by high credit quality financial institutions.

For the three month period ended March 31, 2026, the Corporation had four customers that comprised 17%, 16%, 15% and 12% of total revenue, compared to three customers that comprised 19%, 18%, and 16% of total revenue for the period ended March 31, 2025.

For the accounts receivable balances outstanding as at March 31, 2026, the Corporation had four customers that comprised 21%, 16%, 12% and 12% of the total balance as compared to four customers that comprised 22%, 20%, 12%, and 10% of the total balance as at December 31, 2025.

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

	March 31, 2026	December 31, 2025
Within 30 days	7,657	6,104
31 to 60 days	6,454	4,330
61 to 90 days	380	2,021
Over 90 days	739	1,222
Accrued accounts receivable	1,827	1,213
Allowance for doubtful accounts	(119)	(109)
Accounts receivable	16,938	14,781

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, 2026, the Corporation had working capital of \$3,336 (December 31, 2025 - \$588). 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 trade payables, accrued liabilities and other liabilities were as follows:

	March 31, 2026	December 31, 2025
Accounts payable	4,893	4,749
Accrued liabilities	4,423	2,682
Total accounts payable and accrued liabilities	9,316	7,431

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.

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Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and 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 March 31, 2026, 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 \$51 (2025 - \$50). 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, 2026, 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 (2025 – immaterial). This analysis has been determined based on the immaterial exposure to foreign exchange for financial instruments outstanding at March 31, 2026.

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 March 31, 2026, 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, 2026, the fair value of the investment in equity securities approximates the carrying value.

**13. FINANCE COSTS**

Finance costs recognized in the condensed consolidated interim statements of income and comprehensive income are comprised of the following:

	Three months ended, March 31	
	2026	2025
Interest on lease liabilities	26	10
Interest on Demand Facility	123	101
Interest on Term Loan Facility	252	299
Amortization of deferred financing costs	27	32
Finance costs	428	442

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**Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**  
**March 31, 2026 and 2025**

**14. SUPPLEMENTAL CASH FLOW INFORMATION**

The following is a summary of net change in non-cash working capital items for the three month periods ended March 31, 2026 and 2025:

	Three months ended, March 31	
	2026	2025
Changes in non-cash working capital items:		
Trade and other receivables	(2,157)	(1,865)
Prepaid expenses and deposits	51	57
Accounts payable and accrued liabilities	1,885	1,055
<b>Total</b>	<b>(221)</b>	<b>(753)</b>
Relating to:		
Operating activities	(496)	(2,121)
Investing activities	275	1,368
<b>Total</b>	<b>(221)</b>	<b>(753)</b>

**15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

The following table reflects the Corporation's commitments and contractual obligations as of March 31, 2026:

(000's CAD \$)	2026	2027	2028	Thereafter
Demand Facility	3,285	-	-	-
Term Loan Facility	1,136	1,386	13,005	-
Term Loan Facility interest <sup>(1)</sup>	647	790	542	-
Lease liabilities	514	681	511	133
Accounts payable and accrued liabilities	9,316	-	-	-
<b>Total</b>	<b>14,898</b>	<b>2,857</b>	<b>14,058</b>	<b>133</b>

<sup>(1)</sup> Payments were estimated based on the applicable interest rate at March 31, 2026.

**16. REVENUE RECOGNITION**

	Three months ended, March 31	
	2026	2025
Contract Drilling rig services	12,959	12,295
Contract Drilling rig lease revenue	12,842	11,113
<b>Total revenue</b>	<b>25,801</b>	<b>23,408</b>

The Corporation's customer contracts contain both a lease and a service element. IFRS 15 requires revenue from both the service and lease elements related to customer contracts to be presented separately. A portion of the Corporation's revenue is lease revenue and not within the scope of IFRS 15, as such portions of revenue received represents the customers' ability to direct the use of an asset belonging to the Corporation.