



Management's Discussion & Analysis

Stampede Drilling Inc.

For the three and nine month periods ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

STAMPEDE DRILLING INC.
("Stamper" or the "Corporation")

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

The following management's discussion and analysis ("MD&A") should be read in conjunction with the December 31, 2022 audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), December 31, 2022 annual MD&A and the annual information form ("AIF") for the year ended December 31, 2022, as well as the condensed unaudited consolidated interim financial statements and notes for the three and nine month periods ended September 30, 2023 and 2022. Additional information regarding Stamper, 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 number of drilling rigs, and operating days, or unless otherwise noted.

This MD&A is dated November 9, 2023 and is in respect of the three and nine month periods ended September 30, 2023.

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

FINANCIAL SUMMARY

(000's CAD \$ except per share amounts)	Three months ended, September 30			Nine months ended, September 30		
	2023	2022	% Change	2023	2022	% Change
Revenue	25,520	20,722	23%	64,462	43,642	48%
Direct operating expenses	17,069	13,932	23%	43,934	29,497	49%
Gross margin ⁽¹⁾	8,451	6,790	24%	20,528	14,145	45%
Net income	3,559	2,865	24%	7,265	4,727	54%
Basic and diluted income per share	0.02	0.02	0%	0.03	0.03	0%
Adjusted EBITDA ⁽¹⁾	6,201	4,983	24%	14,193	9,568	48%
Funds from operating activities	6,203	4,404	41%	14,144	8,945	58%
Free cash flow ⁽¹⁾	4,168	1,872	123%	5,799	1,216	377%
Weighted average common shares outstanding (000's)	227,561	168,187	35%	226,984	144,313	57%
Weighted average diluted common shares outstanding (000's)	228,931	183,095	25%	229,753	159,231	44%
Capital expenditures	2,681	24,933	(89%)	9,637	36,602	(74%)
Number of marketed rigs	19	19	0%	19	19	0%
Drilling rig utilization ⁽²⁾	56%	68%	(12%)	46%	59%	(13%)
CAOEC industry average utilization ⁽³⁾	33%	40%	(6%)	34%	34%	0%

(1) Refer to "Non-GAAP and Other 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.

(000's CAD \$)	As at September 30		
	2023	2022	% Change
Current assets	20,119	15,949	26%
Total assets	117,856	106,205	11%
Total current liabilities	10,901	19,303	(44%)
Total non-current liabilities	18,871	12,900	46%
Total equity	88,084	74,002	19%

DESCRIPTION OF STAMPEDE'S BUSINESS

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

THIRD QUARTER 2023 OPERATIONAL HIGHLIGHTS

For the three months ended September 30, 2023, the Corporation recorded the following record-breaking third quarter results since inception:

- Revenue for the three month period ended September 30, 2023 was \$25,520, up \$4,798 (23%) compared to \$20,722 for the corresponding 2022 period.
- Adjusted EBITDA for the three month period ended September 30, 2023 was \$6,201 up \$1,218 (24%) compared to \$4,983 for the corresponding 2022 period.
- Net income for the three month period ended September 30, 2023 was \$3,559 up \$694 (24%) compared to a net income of \$2,865 for the corresponding 2022 period.
- Free cash flow for the three month period ended September 30, 2023 was \$4,168 up \$2,296 (123%) compared to \$1,872 for the corresponding 2022 period.

The Corporation's results were driven by both higher operating days and higher revenue per day. The higher revenue per day was primarily due to increased field labour costs which were passed through to our customers. Total operating days in the quarter were 978, up 156 (19%) from the 822 operating days in the corresponding period of 2022. The increase in operating days was the result of the Corporation crewing and contracting the rigs acquired throughout 2022 in 2023. The Corporation currently has 19 marketable rigs which includes a high spec triple purchased in August 2022.

During Q3 2023, the Corporation entered into a new \$50,000 syndicated credit agreement. Under the Credit Agreement, which has an initial term of three years, the Corporation will have an available limit of \$20,000 under a non-revolving term loan, \$15,000 under a revolving credit facility and \$15,000 under an additional revolving credit facility.

The Corporation repurchased 3,838 shares at an average share price of \$0.25 during the three months ended September 30, 2023, as part of its previously announced NCIB on June 7, 2022.

OUTLOOK

Stampede is anticipating continued commodity volatility throughout the remainder of 2023 due to current macroeconomic influences, including the impact of the Russian invasion of Ukraine, and the Israeli Palestine conflict. Despite the anticipated volatility, Stampede is forecasting to continue its strong utilization and day rates for its fleet of 19 rigs for the remainder of 2023 and into 2024. Access to qualified field labour will continue to be an industry wide challenge for the remainder of 2023, however management has proven their ability to attract and crew qualified field hands since Stampede's inception.

Stampede ended Q3 2023 with a debt to EBITDA of under 1x and will continue to focus on maintaining its strong balance sheet and corresponding low debt levels. The Corporation will continue to align all levels of compensation and G&A spending to ensure shareholder value and alignment.

The Corporation will also continue to assess capital allocations on its normal course issuer bid, acquisition opportunities and capital expenditures to further enhance customer desirability of its current fleet in 2023.

RESULTS FROM OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Revenue	64,462	43,642	48%
Direct operating expenses	43,934	29,497	49%
Gross margin ⁽¹⁾	20,528	14,145	45%
Gross margin % ⁽¹⁾	32%	32%	0%
Net income	7,265	4,727	54%
General and administrative expenses	7,574	4,874	55%
Adjusted EBITDA ⁽¹⁾	14,193	9,568	48%
Drilling rig operating days ⁽²⁾	2,404	1,807	33%
Drilling rig revenue per day ⁽³⁾	26.8	24.2	11%
Drilling rig utilization ⁽⁴⁾	46%	59%	(13%)
CAOEC industry average utilization ⁽⁵⁾	34%	34%	0%

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

(2) Defined as contract drilling days, between spud to rig release

(3) Drilling rig revenue per day is calculated by revenue divided by drilling rig operating days

(4) Drilling rig utilization is calculated based on operating days (spud to rig release)

(5) Source: The Canadian Association of Energy Contractors ("CAOEC") monthly Contractor Summary. The CAOEC industry average is based on Operating Days divided by total available drilling days.

- **Revenue of \$64,462** – an increase of \$20,820 (48%) from \$43,642 compared to the corresponding 2022 period. The increase was primarily related to the addition of nine drilling rigs to the Corporation's fleet throughout 2022 that increased number of operating days and increased day rate from the flow through field labour charges to our customers.
- **Operating days of 2,404** – an increase of 597 operating days (33%) from 1,807 operating days compared to the corresponding 2022 period. Operating days increased primarily as a result of the increase in rig count compared to the prior period. Drilling rig utilization for the nine month period ended September 30, 2023 was 46%, which was a 13% decrease from 59% compared to the corresponding 2022 period due to the lower utilization for the nine drilling rigs acquired in 2022, and 12% higher than the CAOEC industry average utilization rate of 34% for the nine month period ended September 30, 2023.
- **Gross margin percentage of 32%** – remain the same at 32% as compared to the corresponding 2022 period. The gross margin was impacted by higher rig operating expenses due to inflationary pressures and labour costs, and offset by the increase in revenue per day.
- **Adjusted EBITDA of \$14,193** – an increase of \$4,625 (48%) from \$9,568 compared to the corresponding 2022 period. The increase is primarily related to increased operating days and increased revenue per day and partially offset by higher operating expenses and general and administrative expenses.
- **Net income of \$7,265** – an increase of \$2,538 (54%) from \$4,727 compared to the corresponding 2022 period. The increase is primarily related to increased operating days and revenue per day and partially offset by higher operating expenses, general and administrative expenses, and finance costs.
- **General and administrative expenses of \$7,574** – an increase of \$2,700 (55%) from \$4,874 compared to the corresponding 2022 period. The increase is primarily related to the Corporation's increased headcount and administration expenses due to the increased activity levels.

EXPENSES

General and Administrative Expenses

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Administrative expenses	2,385	1,885	27%
Salaries and benefits	3,950	2,692	47%
Share-based payments	918	144	538%
Depreciation of right-of-use assets	321	153	110%
Total general and administrative expenses	7,574	4,874	55%

- **Administrative expenses of \$2,385** – an increase of \$500 (27%) from \$1,885 compared to the corresponding 2022 period. The increase is primarily driven by increased insurance, professional, consulting, and directors' fees.
- **Salaries and benefits of \$3,950** – an increase of \$1,258 (47%) from \$2,692 compared to the corresponding 2022 period. The increase is primarily related to increased headcount and compensation expenses due to the increased activity levels.
- **Share-based payments expense of \$918** – an increase of \$774 (538%) from \$144 compared to the corresponding period of 2022. The increase primarily relates to the issuance of 2,120 stock options year to date in 2023. Stock option expense fluctuates based on the grant date stock option valuation, expiries and forfeitures of options and the effects of vesting.
- **Depreciation of right-of-use assets of \$321** – an increase of \$168 (110%) from \$153 compared to the corresponding 2022 period. The increase is related to a new shop lease entered into during the third quarter of 2022, partially offset by a vehicle lease which ended during the second quarter of 2023.

Depreciation of Property and Equipment

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Depreciation of property and equipment	4,858	3,172	53%

- **Depreciation of property and equipment of \$4,858** – an increase of \$1,686 (53%) from \$3,172 compared to the corresponding 2022 period. The increase is primarily due to a higher depreciable asset base as a result of the rig asset acquisitions that occurred during 2022.

Other Income (Expenses)

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Gain on asset disposals	646	(3)	(21,633%)
Finance costs	(1,471)	(796)	85%
Other income	15	9	67%
Foreign exchange gain	8	13	(38%)
Transaction costs	(29)	(595)	(95%)
Total other income (expenses)	(831)	(1,372)	(39%)

- **Gain on asset disposals of \$646** – an increase of \$649 (21,633%) from negative \$3 compared to the corresponding period of 2022. The gain related to lost in hole equipment and the sale of drill pipe. The timing of asset disposals can fluctuate significantly from period to period.
- **Finance costs of \$1,471** – an increase of \$675 (85%) from \$796 compared to the corresponding 2022 period. The increase in finance costs was related to the recognition of unamortized cost relating to the previous term loan, the new debt with a higher average borrowing base and increased prime interest rates on the Corporation's variable prime rate debt.
- **Transaction costs of \$29** – a decrease of \$566 (95%) from \$595 compared to the corresponding period of 2022 was due to the large rig acquisition in the prior year.

SUMMARY OF QUARTERLY RESULTS

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

(000's CAD \$)	2023			2022				2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	25,520	13,244	25,697	23,238	20,722	8,352	14,568	9,180
Net income(loss)	3,559	(61)	3,765	3,483	2,865	(457)	2,322	372
Basic and diluted net income (loss) per share	0.02	(0.00)	0.02	0.02	0.02	(0.00)	0.01	0.00
Total assets	117,856	112,889	113,211	108,280	106,205	73,248	63,218	50,755

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

As commodity prices began to recover from the historical lows in 2020, oil and gas producers increased capital spending and corresponding drilling activity in Western Canada throughout 2021 as commodity prices continued to rise and COVID-19 restrictions began to ease. In 2022 as a result of strong commodity pricing, the Corporation was able to purchase an additional 9 rigs, increasing its fleet marketable of rigs to 19. The Corporation purchased the rigs using debt and from an equity raise in August 2022. As a result of the increased number of rigs the Corporation was able to increase the number of operating days which improved most of the Corporation's financial metrics such as revenue, adjusted EBITDA and net income in late 2022 and into 2023.

Seasonality

An assessment or comparison of the Corporation's quarterly results, at any given time, requires consideration of crude oil and natural gas commodity prices and the seasonal nature of the oil and gas industry in Western Canada. Commodity prices ultimately drive the level of exploration and development activities carried out by the Corporation's customers and associated demand for the oilfield services provided by Stampede. Results are impacted by the gain or loss of key customers and expected customer capital spending. Additions or losses of key customers can fluctuate on a quarterly basis. From a seasonality perspective, the Corporation currently operates all of its drilling rigs in Western Canada, therefore, operations are impacted by weather and seasonal factors. The winter season, which incorporates the first quarter, is generally a higher activity period as oil and gas companies take advantage of frozen ground conditions to move heavy equipment and operate in regions which might otherwise be inaccessible due to ground conditions during warmer periods. The second quarter normally encompasses a slow period in Canada referred to as spring break-up. During this period, melting conditions result in temporary municipal road bans that effectively prohibit the movement of drilling rigs and other heavy equipment. The third and fourth quarters in Western Canada are usually representative of average activity levels.

RESULTS FROM OPERATIONS FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023

(000's CAD \$)	Three months ended, September 30		
	2023	2022	% Change
Revenue	25,520	20,722	23%
Direct operating expenses	17,069	13,932	23%
Gross margin ⁽¹⁾	8,451	6,790	24%
Gross margin % ⁽¹⁾	33%	33%	0%
Net income	3,559	2,865	24%
General and administrative expenses	2,711	1,897	43%
Adjusted EBITDA ⁽¹⁾	6,201	4,983	24%
Drilling rig operating days ⁽²⁾	978	822	19%
Drilling rig revenue per day ⁽³⁾	26.1	25.2	4%
Drilling rig utilization ⁽⁴⁾	56%	68%	(12%)
CAOEC industry average utilization ⁽⁵⁾	33%	40%	(7%)

⁽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 \$25,520** – an increase of \$4,798 (23%) from \$20,722 compared to the corresponding 2022 period. The increase was primarily related to the addition of six drilling rigs to the Corporation's fleet throughout 2022, combined with increased revenue per day and flow through field labour charges to our customers.
- **Operating days of 978** – an increase of 156 operating days (19%) from 822 operating days compared to the corresponding 2022 period. Operating days increased as a result of the increase in rig count compared to the prior period. Drilling rig utilization for the three month period ended September 30, 2023 was 56%, which was a 12% decrease from 68% compared to the corresponding 2022 period and 23% higher than the CAOEC industry average utilization rate of 33% for the three month period ended September 30, 2023.
- **Gross margin percentage of 33%** – remained the same at 33% as compared to the corresponding 2022 period. The gross margin was impacted by higher rig operating expenses due to inflationary pressures and labour costs, and offset by the increase in revenue per day.
- **Adjusted EBITDA of \$6,201** – an increase of \$1,218 (24%) from \$4,983 compared to the corresponding 2022 period. The increase is primarily related to increased operating days and increased revenue per day and partially offset by higher operating expenses and general and administrative expenses.
- **Net income of \$3,559** – an increase of \$694 (24%) from net income of \$2,865 compared to the corresponding 2022 period. The increase is primarily related to increased operating days and revenue per day and partially offset by higher operating expenses, general and administrative expenses, and finance costs.
- **General and administrative expenses of \$2,711** – an increase of \$814 (43%) from \$1,897 compared to the corresponding 2022 period. The increase is primarily related to increased headcount and administration expenses due to the increased activity levels.

LIQUIDITY AND CAPITAL RESOURCES

The Corporation's primary liquidity and capital resource needs are to fund ongoing capital expenditures and growth opportunities; to service its debt, including interest payments; and to finance working capital needs. The Corporation's short-term and long-term liquidity needs are met through cash flow from operations, the Demand Facility, the Term Loan (as defined below) and debt and equity financing.

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Cash provided by (used in):			
Operating activities	13,395	4,769	181%
Investing activities	(10,421)	(38,308)	(73%)
Financing activities	(903)	33,566	(103%)
Increase in cash	2,071	27	7,570%

Cash Flows from Operating Activities

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Funds from operating activities	14,144	8,945	58%
Changes in non-cash working capital balances	(749)	(4,176)	(82%)
Net cash flows from operating activities	13,395	4,769	181%

For the nine month period ended September 30, 2023, funds from operating activities was \$14,144, up \$5,199 (58%) from \$8,945 in the corresponding 2022 period. The increase in funds from operating activities was primarily a result of increased net income, depreciation, and share based payments for the nine months ended September 30, 2023 as compared to the corresponding 2022 period.

For the nine month period ended September 30, 2023, net cash flows from operating activities were \$13,395, up \$8,626 (181%) from \$4,769 in the corresponding 2022 period. The overall increase was a result of the increase in funds from operating activities, and by changes in non-cash working capital.

As at September 30, 2023, the Corporation had total net working capital (excluding debt) of \$11,088 compared to \$6,778 at December 31, 2022. Refer to the "Non-GAAP and Other Financial Measures" section in this MD&A for how this measure is calculated.

Cash Flows used in Investing Activities

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Capital expenditures:			
Growth capital	4,683	29,938	(84%)
Maintenance and sustaining capital	4,954	6,664	(26%)
Total capital expenditures	9,637	36,602	(74%)
Proceeds from the disposition of property and equipment	(699)	(63)	1,010%
Investment in equity securities	-	4,000	nm
Changes in non-cash working capital balances	1,483	(2,231)	(166%)
Cash flows used in investing activities	10,421	38,308	(73%)

nm - not meaningful

Refer to supplementary financial measures for details on total capital expenditures

For the nine month period ended September 30, 2023, cash flows used in investing activities were \$10,421, down \$27,887 (73%) from \$38,308 in the corresponding 2022 period.

For the nine month period ended September 30, 2023, the Corporation invested \$4,683 in growth capital, compared to \$29,938 in the corresponding period of 2022. Growth capital relates to equipment upgrades to improve the operating efficiency and marketability of the drilling rigs.

For the nine month period ended September 30, 2023, the Corporation invested \$4,954 in maintenance and sustaining capital, compared to \$6,664 in the corresponding period of 2022. Maintenance and sustaining capital for the period primarily consisted of the purchase of replacement drill pipe and other drilling rig capital for existing rig assets.

Cash Flows from (used in) Financing Activities

For the nine month period ended September 30, 2023, cash flows from financing activities were negative \$903, down \$34,468 (103%) from \$33,566 in the corresponding 2022 period. The decrease in financing activities is primarily related to the proceeds from issuance of common shares, amendments of the Demand Facility and corresponding addition of the Corporation's \$10,000 Term Loan in the corresponding 2022 period offset by the amendments of the Demand Facility and the Corporation's new \$20,000 Term Loan in the third quarter of 2023.

Loans and Borrowings

Demand Facility

The Demand Facility is comprised of the Syndicated Facility and the Operating Facility, each of which have an available limit of \$15,000. The Demand Facility contains the following margin requirements:

- (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 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 September 30, 2023, the Demand Facility was subject to the following financial covenants:

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 is the ratio of (a) EBITDA less cash taxes, including those related to any discretionary management bonus, as at such date to (b) Interest Expense plus the total of all payments of principal on debt, capital leases and obligations under the Credit Facilities including, in each case, payments under leases and off-balance sheet arrangements and with respect to the Demand Facility.
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 favor of the bank to EBITDA.

As at September 30, 2023, the Demand Facility had a zero balance (December 31, 2022 - \$6,794) and the Corporation was in compliance with all covenants.

	Covenant	September 30, 2023	December 31, 2022
Fixed Charge Coverage Ratio ⁽¹⁾	1.50:1.00 or more	4.80:1.00	4.25:1.00
Net Funded Debt to EBITDA Ratio ⁽²⁾	3.00:1.00 or less	0.86:1.00	1.12:1.00

Term Loan

In conjunction with amending the Demand Facility on September 21, 2023, the Corporation entered into a loan facility in an amount of up to \$20,000. The Term Loan has an interest rate equal to the lender's prime rate plus the applicable margin rate, and monthly principal repayments of \$167.

The Term Loan matures on September 21, 2026, and bears interest at the lender's prime rate plus the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to EBITDA and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation. The Term Loan is subject to the same covenants as described for the Demand Facility above.

As at September 30, 2023, a total of \$20,000 was outstanding on the Term Loan and \$389 in unamortized debt issuance costs. The amount of the Term Loan excluding unamortized debt issuance costs due within one year is \$2,000 and \$18,000 is due beyond one year. As at September 30, 2023, the Corporation was in compliance with all covenants.

Business Development Bank of Canada ("BDC") Loan STAMPEDE DRILLING INC.

In conjunction with the amending credit agreement on November 30, 2020, the Corporation entered into a loan facility in an amount of up to \$2,000 with the Business Development Bank of Canada (the "BDC Loan"). During the second quarter, the Corporation repaid the outstanding BDC Loan principal and interest before the loan maturity date on September 1, 2023. At this time, the BDC loan facility has been terminated.

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

	September 30, 2023	December 31, 2022
BDC Loan	-	1,500
Term Loan	20,000	9,667
Less: unamortized debt issuance costs	(389)	(161)
Long term debt	19,611	11,006
Long term debt due within one year	1,870	2,431
Long term debt due beyond one year	17,741	8,575

Convertible Debenture

During the nine months ended September 30, 2023, all of the remaining convertible debentures were converted into common shares of the Corporation at a conversion price of \$0.21.

	Number of convertible debentures	Liability component	Equity component
Balance at December 31, 2022	2,412	2,380	43
Conversion of convertible debentures	(2,412)	(2,380)	(43)
Balance at September 30, 2023	-	-	-

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The following table reflects the Corporation's commitments and contractual obligations as of September 30, 2023:

(000's CAD \$)	2023	2024	2025	2026	2027
Demand Facility	-	-	-	-	-
Term Loan	500	2,000	2,000	15,500	-
Term Loan interest ⁽¹⁾	419	1,570	1,401	940	-
Lease liabilities	121	485	391	379	291
Accounts payable and accrued liabilities	8,553	-	-	-	-
Other liabilities	27	45	11	11	5
Total	9,620	4,100	3,803	16,830	296

(1) Payments were estimated based on applicable interest rate at September 30, 2023

As of the date of this MD&A, the Corporation has committed approximately \$809 related to capital expenditures.

OUTSTANDING SHARE DATA

As at September 30, 2023, 17,058 stock options and 224,751 common shares of the Corporation were outstanding. For the period from October 1, 2023 to November 8, 2023, the Corporation repurchased and canceled 5,267 common shares at a weighted average price per share of \$0.26 pursuant to its NCIB. On the date of this MD&A, 219,484 common shares of the Corporation are outstanding.

OFF-BALANCE SHEET ARRANGEMENTS

During the first nine months of 2023 and the corresponding period in 2022, the Corporation had no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES

Other than as outlined below, significant accounting policies are consistent with the audited annual financial statements for the year ended December 31, 2022.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects. When purchased, common shares are reduced by the average carrying value with the excess of the purchase price recognized to the Corporation's contributed surplus. Common shares are cancelled subsequent to being purchased.

IFRS 9, Financial Instruments

During the third quarter, the Corporation amended the terms of its Demand Facility and Term Loan and accounted for the amendments as an extinguishment.

Such an amendment, when completed, is considered by the Corporation to be either a debt modification or an extinguishment. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain or loss to the carrying amount of the liability being recorded in profit or loss immediately.

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 industry expected credit default rate.

The loss allowance provision for trade accounts receivable as at September 30, 2023 reconciles to the opening loss allowance provision as follows:

	Amount (\$)
At December 31, 2022	268
Increase in credit loss allowance	57
As at September 30, 2023	325

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 nine month period ended September 30, 2023, the Corporation had two customers that comprised 12%, and 11% of total revenue, compared to four customers that comprised 14%, 11%, 10% and 10% of total revenue for the period ended September 30, 2022.

For the accounts receivable balances outstanding as at September 30, 2023, the Corporation had three customers that comprised 17%, 13%, and 12% of the total balance as compared to three customers that comprised 16%, 14%, and 11% of the total balance as at December 31, 2022.

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

	September 30, 2023	December 31, 2022
Within 30 days	8,060	7,096
31 to 60 days	5,577	4,798
61 to 90 days	934	653
Over 90 days	1,040	248
Accrued accounts receivable	1,804	1,381
Allowance for doubtful accounts	(325)	(268)
Accounts receivable	17,090	13,908

As of the date of this MD&A, the Corporation has collected 43% of the over 90 days balance. The Corporation does not anticipate collection issues on any outstanding accounts receivables balances.

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 September 30, 2023, the Corporation had working capital excluding debt of \$11,088 compared to \$6,778 at December 31, 2022 (please refer to "Non-GAAP and other Financial Measures" section for further information). The Corporation's principal sources of liquidity are operating cash flows and its Demand Facility. The Corporation monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating capital and operating budgets, forecasting cash flows and maintaining a sufficient credit facility to meet financing requirements.

Additionally, the Corporation entered into the Credit Facility agreement, which has an initial term of three years, the Corporation has an available limit of \$15,000 under a revolving credit facility and \$15,000 under an additional revolving credit facility, and \$20,000 under the Term Loan. The proceeds of the Term Loan were used to fund the repayment of Stampede's existing indebtedness.

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

	September 30, 2023	December 31, 2022
Accounts payable	4,404	5,519
Accrued liabilities	4,149	2,133
Total accounts payable and accrued liabilities	8,553	7,652
Other current liabilities	63	63
Total current accounts payable and accrued liabilities and other liabilities	8,616	7,715
Other liabilities	37	72
Total accounts payable, accrued liabilities and other liabilities	8,653	7,787

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

Market Risk

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

a) Interest Rate Risk:

The Corporation is exposed to interest rate fluctuations on its operating Demand Facility and Term Loan which bears interest at floating market rates. For the three month period ended September 30, 2023, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased by \$48. For the nine months period ended September 30, 2023, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased by \$142. 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.

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 and cash equivalents, trade and other receivables, Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the Term Loan approximates its carrying amount as the Term Loan has a floating interest rate. At September 30, 2023, the Corporation valued its cash and cash equivalents 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 September 30, 2023 and December 31, 2022, 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 period ended September 30, 2023, the Corporation assessed the impact of the uncertainties around 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 and are therefore referred to as non-generally accepted accounting principles (non-GAAP) measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures used by other companies.

- (i) **Adjusted EBITDA** - is defined as “income from operations before interest income, interest expense, taxes, transaction costs, depreciation and amortization, share-based compensation expense, gains on asset disposals, impairment expenses, other income, foreign exchange, non-recurring restructuring charges, finance costs, accretion of debentures and other income/expenses, foreign exchange gain and any other items that the Corporation considers appropriate to adjust given the irregular nature and relevance to comparable operations.” Management believes that in addition to net income, adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Corporation’s principal business activities prior to consideration of how these activities are financed, how assets are depreciated, amortized and impaired, the impact of foreign exchange, or how the results are affected by the accounting standards associated with the Corporation’s stock-based compensation plan. Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of the Corporation’s performance. The Corporation’s method of calculating adjusted EBITDA may differ from that of other organizations and, accordingly, its adjusted EBITDA may not be comparable to that of other companies.

(000's CAD \$)	Three months ended, September 30			Nine months ended, September 30		
	2023	2022	% Change	2023	2022	% Change
Net income	3,559	2,865	24%	7,265	4,727	54%
Depreciation	1,821	1,169	56%	5,179	3,325	56%
Finance costs	569	387	47%	1,471	796	85%
Other income	(12)	(2)	500%	(15)	(9)	67%
(Gain) loss on asset disposal	(80)	3	(2,767%)	(646)	3	(21,633%)
Share-based payments	355	29	1,124%	918	144	538%
Transaction costs	-	569	(100%)	29	595	(95%)
Foreign exchange (gain)	(11)	(37)	(70%)	(8)	(13)	(38%)
Adjusted EBITDA	6,201	4,983	24%	14,193	9,568	48%

- (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 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:

(000's CAD \$)	Three months ended, September 30			Nine months ended, September 30		
	2023	2022	% Change	2023	2022	% Change
Income from operations	6,736	5,682	19%	15,670	10,973	43%
Depreciation of property and equipment	1,715	1,108	55%	4,858	3,172	53%
Gross margin	8,451	6,790	24%	20,528	14,145	45%
Gross margin %	33%	33%	0%	32%	32%	0%

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

Working Capital (excluding debt)	September 30, 2023	December 31, 2022
Total current assets:	20,119	14,926
Total current liabilities	(10,901)	(19,753)
Add back current portion of debt		
Demand Facility	-	6,794
Convertible debentures	-	2,380
Long term debt	1,870	2,431
Working capital (excluding debt)	11,088	6,778

- (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.

(000's CAD \$)	Three months ended, September 30			Nine months ended, September 30		
	2023	2022	% Change	2023	2022	% Change
Funds from operating activities	6,203	4,404	41%	14,144	8,945	58%
Maintenance and sustaining capital	(1,446)	(2,032)	(29%)	(4,954)	(6,664)	(26%)
Interest paid on Demand Facility	(212)	(126)	68%	(565)	(276)	105%
BDC principal payments	-	(100)	(100%)	(1,500)	(300)	400%
Interest on BDC loan	-	(27)	(100%)	(91)	(71)	28%
Term Loan principal payments	(167)	(117)	43%	(667)	(233)	186%
Interest on Term Loan	(210)	(130)	62%	(568)	(184)	209%
Total free cash flow	4,168	1,872	123%	5,799	1,216	377%

The free cash flow table above does not include the one-time principal repayment relating to the amendment to the Term loan (\$9,000), for both the three and nine months ended September 30, 2023.

SUPPLEMENTARY FINANCIAL MEASURES

The Corporation uses supplementary financial measures that are not defined terms under IFRS 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.

(000's CAD \$)	Nine months ended, September 30		
	2023	2022	% Change
Capital expenditures:			
Growth capital	4,683	29,938	(84%)
Maintenance and sustaining capital	4,954	6,664	(26%)
Total capital expenditures	9,637	36,602	(74%)

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 and day rates; plans, strategies and expectations regarding the Corporation's balance sheet, debt levels and financial resiliency; the assessment of capital allocations to the NCIB, additional acquisition opportunities and capital expenditures by the Corporation; expectations regarding utilization and day rates and the anticipated profitability of the Corporation resulting therefrom; anticipated industry wide inflationary costs and supply chain constraints and the resulting impact on the profitability of the Corporation; the Corporation's liquidity and capital resource needs; expectations regarding the alignment of compensation and G&A spending; the expected effects of seasonality and weather on the Corporation's operations and business; expectations regarding the management of the Corporation's liquidity risk; expected future contractual commitments; the Corporation's treatment and categorization of doubtful accounts and expectations regarding credit loss rates based on its past experiences and expectations in respect of certain receivables; expectations relating to credit risk; the Corporation's assessment of its customers' creditworthiness; anticipations regarding the collection of outstanding accounts receivables balances; and the Corporation's expectations relating to market risk.

Forward-looking information is based on certain assumptions that Stampede has made in respect thereof as at the date of this MD&A regarding, among other things: the Corporation's ability to fully crew and contract its rigs; the success of the measures implemented by the Corporation to ensure the safe, efficient and reliable operations at each of its drilling sites; the creditworthiness of the Corporation's customers and counterparties; the effectiveness of the Corporation's financial risk management policies at ensuring all payables are paid within the pre-agreed credit terms; that the Corporation has adequate access to its Demand Facility to provide the necessary liquidity needed to manage fluctuations in the timing of receipt and/or disbursement of operating cash flows; the belief that adjusted EBITDA, gross margin and gross margin percentage are useful supplemental financial measures; the 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; the Corporation's ability to maintain financial resiliency in light of current macroeconomic conditions; and the regulatory framework regarding taxes and environmental matters in the jurisdictions in which the Corporation operates.

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

While Stampede believes the expectations and material factors and assumptions reflected in the forward-looking information is reasonable as of the date hereof, there can be no assurance that these expectations, factors and assumptions will prove to be correct. Forward-looking information is not a guarantee of future performance and actual results or events could differ materially from the expectations of the Corporation expressed in or implied by such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information is subject to a number of known and unknown risks and uncertainties including, but not limited to: the condition of the global economy, including trade, inflation, the ongoing conflict in Ukraine as well as the Israeli Palestine conflict and other geopolitical risks; the condition of the crude oil and natural gas industry and related commodity prices; other commodity prices and the potential impact on the Corporation and the industry in which the Corporation operates, including levels of exploration and development activities; the impact of increasing competition; fluctuations in operating results; the ongoing significant volatility in world markets and the resulting impact on drilling and completions programs; foreign currency exchange rates; interest rates; labour and material shortages; cyber security risks; natural catastrophes; and certain

other risks and uncertainties detailed under the heading "Risks and Uncertainties" herein and in the Corporation's annual management's discussion and analysis and annual information form, each dated March 16, 2023 for the year ended December 31, 2022, and from time to time in Stampede's public disclosure documents available at www.sedarplus.ca.

This list of risk factors should not be construed as exhaustive. Readers are cautioned that events or circumstances could cause actual results to differ materially from those predicted, forecasted, or projected. Statements, including forward-looking information, are made as of the date of this MD&A and the Corporation does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

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