



Unaudited Condensed Consolidated Interim Financial Statements of

Stampede Drilling Inc.

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

(Expressed in Canadian Dollars)

Stampede Drilling Inc.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(Stated in thousands of Canadian dollars)		March 31, 2024	December 31, 2023
	Note		
Assets			
Current Assets			
Cash		663	3,517
Trade and other receivables	12	19,831	14,134
Prepaid expenses and deposits		408	287
Total Current Assets		20,902	17,938
Non-Current Assets			
Property and equipment	8	99,019	94,829
Investment in equity securities	7	4,000	4,000
Right-of-use assets	3	1,234	1,340
Goodwill		461	461
Total Non-Current Assets		104,714	100,630
Total Assets		125,616	118,568
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	12	8,524	9,105
Demand facility	9	3,729	-
Term loan	9	1,702	2,370
Lease liabilities	4	417	421
Other liabilities	12	42	60
Total Current Liabilities		14,414	11,956
Non-Current Liabilities			
Term loan	9	16,987	17,274
Lease liabilities	4	886	985
Other liabilities	12	22	27
Total Non-Current Liabilities		17,895	18,286
Total Liabilities		32,309	30,242
Shareholders' Equity			
Share capital	10	83,015	83,128
Contributed surplus		11,756	11,604
Accumulated other comprehensive income		918	917
Accumulated deficit		(7,980)	(12,926)
Total Shareholders' Equity		87,709	82,723
Non-Controlling interest	6	5,598	5,603
Total Equity		93,307	88,326
Total Liabilities and Equity		125,616	118,568

Note 15 Commitments and Contractual Obligations

Note 17 Subsequent Events

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

		Three months ended, March 31	
<i>(Stated in thousands of Canadian dollars, except per share amounts)</i>		2024	2023
Revenue	16	27,499	25,697
Cost of sales:			
Direct operating expenses		17,586	17,383
Depreciation of property and equipment	8	1,962	1,515
		19,548	18,898
Income from operations		7,951	6,799
Expenses			
Administrative		758	881
Salaries and benefits		1,490	1,443
Share based payments	11	170	216
Depreciation of right-of-use assets	3	106	110
		2,524	2,650
Income before finance costs and other income (expense)		5,427	4,149
Gain on asset disposals	8	19	48
Finance costs	13	(517)	(429)
Foreign exchange gain		13	10
Transaction costs		(1)	(13)
Net income		4,941	3,765
Net income (loss) attributable to:			
Shareholders		4,946	3,765
Non-controlling interests	6	(5)	-
		4,941	3,765
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustment		1	(18)
Total comprehensive income		4,942	3,747
Total comprehensive income (expense) attributable to:			
Shareholders		4,947	3,747
Non-controlling interests	6	(5)	-
		4,942	3,747
Basic income per share	5	\$0.02	\$0.02
Diluted income per share	5	\$0.02	\$0.02

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 Shares (000's)	Capital Amount \$	Contributed Surplus \$	Equity Component of Convertible Debenture \$	Accumulated Other Comprehensive Income \$	Non- Controlling Interest \$	Accumulated Deficit \$	Total Equity \$
Balance as at January 1, 2023		216,933	87,194	8,135	43	932	5,646	(23,473)	78,477
Share based payments expense		-	-	216	-	-	-	-	216
Stock options exercised		166	32	-	-	-	-	-	32
Stock option value of exercised options		-	26	(26)	-	-	-	-	-
Convertible debenture conversion		11,490	2,423	-	(43)	-	-	-	2,380
Comprehensive income (loss) for the period		-	-	-	-	(18)	-	3,765	3,747
Balance as at March 31, 2023		228,589	89,675	8,325	-	914	5,646	(19,708)	84,852
Balance as at January 1, 2024		212,004	83,128	11,604	-	917	5,603	(12,926)	88,326
Share based payments expense	11	-	-	143	-	-	-	-	143
Stock options exercised	10, 11	1,050	189	-	-	-	-	-	189
Stock option value of exercised options	10	-	167	(167)	-	-	-	-	-
Shares repurchased under NCIB	10	(1,255)	(468)	176	-	-	-	-	(292)
Share issuance costs	10	-	(1)	-	-	-	-	-	(1)
Comprehensive income (loss) for the period		-	-	-	-	1	(5)	4,946	4,942
Balance as at March 31, 2024		211,799	83,015	11,756	-	918	5,598	(7,980)	93,307

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>	Note	2024	2023
Cash flows from (used in) the following activities:			
Operating activities			
Net income		4,941	3,765
Adjustments for:			
Share based payments		143	216
Depreciation	3, 8	2,068	1,625
Gain on asset disposals		(19)	(48)
Finance costs	13	517	429
Unrealized foreign exchange gain		(13)	(10)
Change in other liabilities		(23)	(11)
Funds from operating activities		7,614	5,966
Changes in non-cash working capital items	14	(5,288)	(3,171)
Net cash flows from operating activities		2,326	2,795
Financing activities			
Share issuance costs	10	(1)	-
Interest paid on BDC Loan	13	-	(32)
BDC Loan principal payments	9	-	(100)
Interest paid on convertible debentures	13	-	(19)
Term Loan principal payments	9	(987)	(250)
Interest paid on Term Loan	13	(401)	(181)
Net borrowing on Demand Facility	9	3,729	1,768
Interest paid on Demand Facility	13	(63)	(155)
Stock options exercised	10, 11	189	32
Shares repurchased under NCIB	10	(292)	-
Lease liability payments	4	(121)	(131)
Net cash flows from financing activities		2,053	932
Investing activities			
Additions to property and equipment	8	(6,180)	(2,241)
Proceeds from the disposition of property and equipment	8	47	48
Changes in non-cash working capital balances	14	(1,111)	(1,576)
Net cash flows used in investing activities		(7,244)	(3,769)
Change in cash		(2,865)	(42)
Effect of foreign exchange rate changes on cash		11	(8)
Cash, beginning of period		3,517	703
Cash, end of the period		663	653
Supplementary cash flow disclosure information:			
Interest paid during the period		464	387

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, 2024 and 2023**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 – 9th 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 AND MATERIAL ACCOUNTING POLICIES**(a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023. 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 audited annual financial statements for the year ended December 31, 2023, 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 condensed consolidated interim financial statements were approved and authorized for issue by the Corporation's Board of Directors on May 13, 2024.

Recent developments and impact on estimation uncertainty

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

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.

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**
March 31, 2024 and 2023

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 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, 2023. 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 audited annual financial statements for the year ended December 31, 2023.

Restricted Share Units Plan

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

(d) Amended standards adopted by the Corporation

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

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

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.

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023**

	Total
Cost	
Balance at December 31, 2023	3,015
Additions	-
Disposals	-
Balance at March 31, 2024	3,015
Accumulated depreciation	
Balance at December 31, 2023	1,675
Depreciations	106
Disposals	-
Balance at March 31, 2024	1,781
Carrying amounts	
Balance at December 31, 2023	1,340
Balance at March 31, 2024	1,234

4. LEASE LIABILITIES

The Corporation incurs lease payments related to corporate and field offices, 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 consolidated statements of comprehensive income.

	Total
Balance at December 31, 2023	1,406
Additions	-
Interest expenses	18
Lease payments	(121)
Disposals	
Balance at March 31, 2024	1,303
Less: current portion	417
Ending balance - non-current portion	886

5. EARNINGS PER SHARE

Basic and diluted earnings 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, 2024 and 2023 based on the following data:

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023**

	Three months ended, March 31	
	2024	2023
Net income	4,941	3,765
Effect of finance cost savings on convertible debentures	-	14
Net income used in diluted income per common share	4,941	3,779
Weighted average common shares	211,276	224,771
Effect of stock options	753	2,188
Effect of convertible debentures	-	3,665
Diluted balance, end of period	212,029	230,624
Basic income per common share	\$0.02	\$0.02
Diluted income per common share	\$0.02	\$0.02

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 Corporation and AlbertaCo made initial contributions of \$3,107 (comprised of property and equipment) and \$8,186 respectively for 50% ownership each of 2391764 Alberta Ltd. Non-controlling interest of \$5,646 was recognized by the Corporation in addition to an adjustment of \$2,540 to contributed surplus related to the difference in contribution values.

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

	March 31, 2024	December 31, 2023
Statements of Financial Position		
Current assets	22	32
Non-current assets	12,489	12,489
Current liabilities	-	-
Non-current liabilities	1,117	1,117
Net Assets	11,394	11,404
Attributable to NCI ⁽¹⁾	5,598	5,603

⁽¹⁾ 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	
	2024	2023
Statements of Comprehensive Income		
Revenues	-	-
Expenses	10	-
Net loss	(10)	-
Attributable to NCI	(5)	-

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**
March 31, 2024 and 2023

	Three months ended, March 31	
	2024	2023
Statements of Cash Flows		
Cash flows used in operating activities	-	-
Cash flows used in financing activities	-	-
Cash flows used in investing activities	-	-
Change in cash position	-	-

No dividends were paid out to the non-controlling interest for the three month period ended March 31, 2024 (2023 - \$0).

7. INVESTMENT IN EQUITY SECURITIES

On January 4, 2022, the Corporation paid \$3,000 in cash consideration for an equity investment in two private Alberta companies, which are controlled by AlbertaCo. The two individual investments of \$1,500 were made in two separate subsidiaries of AlbertaCo and represented a 15% ownership stake in each subsidiary. On September 20, 2022, the Corporation made an additional investment of \$1,000. The cumulative \$4,000 investment represents a 18% ownership interest in the shares of each investee. 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). AlbertaCo provides technology for its coil tubing drilling operations.

As at March 31, 2024, the estimated fair value of investment in equity securities is \$4,000 (2023 - \$4,000). No dividends were declared or paid out to the Corporation for the three month period ended March 31, 2024 (2023 - \$0).

8. PROPERTY AND EQUIPMENT

	Rigs and related equipment	Machinery and other equipment	Total
Cost			
Balance at December 31, 2023	119,662	800	120,462
Additions	6,180	-	6,180
Disposals	(69)	-	(69)
Balance at March 31, 2024	125,773	800	126,573
Accumulated depreciation and impairment			
Balance at December 31, 2023	24,884	749	25,633
Depreciation for the period	1,925	37	1,962
Disposals	(41)	-	(41)
Balance at March 31, 2024	26,768	786	27,554
Carrying amounts			
Balance at December 31, 2023	94,778	51	94,829
Balance at March 31, 2024	99,005	14	99,019

Included in property and equipment at three month period ended March 31, 2024 are assets under construction of \$12,714 (December 31, 2023 - \$13,002) which will not depreciate until the assets are placed into service.

During the three month period ended March 31, 2024, property and equipment with a total net book value of \$28 (2023 - \$0) were disposed of for total proceeds of \$47 (2023 - \$48).

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, 2023 annual 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, 2024 and 2023**

As at March 31, 2024, the Corporation determined there were no impairment indicators in the land-based contract drilling CGU.

9. LOANS AND BORROWINGS**Demand Operating Revolving Loan Facility ("Demand Facility")**

On September 21, 2023, the Corporation entered into a new credit agreement, which has an initial term of three years, Stampede 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 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) 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, 2024, the Demand Facility was subject to the following financial covenants:

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

EBITDA 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 shall be calculated with reference to the principal repayments and trailing twelve month interest in connection therewith as at each such Quarter End).
2. Net Funded Debt to EBITDA ratio is calculated as total interest-bearing indebtedness on a consolidated basis excluding cash and cash equivalents held by the bank and loans which have been subordinated and postponed in favour of the bank to EBITDA.

As at March 31, 2024, \$3,729 (December 31, 2023 - \$0) was drawn on the Demand Facility and the Corporation was in compliance with all covenants.

Term Loan ("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,

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023**

and quarterly principal repayments are calculated as 2.5% of the outstanding principal.

The Term Loan matures on September 21, 2026, and bears interest at the lender's prime rate plus the applicable margin. The applicable margin is based on a pricing grid based on the Corporation's Net Funded Debt to EBITDA and ranges from 0.50% to 1.75% for prime rate loans and 1.50% to 2.75% for banker acceptance advances, and is secured by a general first ranking security agreement on all assets, property, and undertakings of the Corporation. The Term Loan is subject to the same covenants as described for the Demand Facility above, which the Corporation was in compliance with as at March 31, 2024.

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

As at March 31, 2024, the balance of the Term Loan is as follows and the Corporation was in compliance with all covenants.

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

10. SHARE CAPITALAuthorized

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, 2024.

Authorized and Issued Common Shares

	Number	Amount (\$)
Balance at December 31, 2023	212,004	83,128
Issuance costs	-	(1)
Issued shares pursuant to the exercise of stock options	1,050	189
Stock option value of exercised options	-	167
Shares repurchased under NCIB	(1,255)	(468)
Balance at March 31, 2024	211,799	83,015

Normal Course Issuer Bid ("NCIB")

On May 30, 2023, 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 21,872 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 June 1, 2023 and expiring on the earlier of May 31, 2024 and the date on which Stampede 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, 2024, the Corporation had repurchased and cancelled 1,255 common shares at a weighted average price per share of \$0.23 pursuant to its NCIB.

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**
March 31, 2024 and 2023Contributed surplus

Contributed surplus is comprised of stock-based compensation expense, stock option exercises, fair value differences on share repurchase. As at March 31, 2024, the Corporation had a fair value adjustment on the repurchase of shares of \$176 based on the difference between the weighted average share price purchased under the Corporation's NCIB, and the carrying value of common shares.

Accumulated other comprehensive income

Accumulated other comprehensive income is the cumulative translation account that comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

11. SHARE BASED PAYMENTSStock options

The Corporation has adopted 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.

A summary of the Corporation's outstanding stock options as at March 31, 2024 and December 31, 2023 and the changes for the period then ended, is as follows:

Stock Options	Outstanding	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2022	16,210	0.27
Options granted to employees and directors	2,120	0.32
Options exercised	(166)	0.19
Options expired	(100)	0.33
Options forfeited	(1,691)	0.29
Outstanding at December 31, 2023	16,373	0.27
Options granted to employees and directors	-	-
Options exercised	(1,050)	0.18
Options expired	-	-
Options forfeited	-	-
Outstanding at March 31, 2024	15,323	0.28

Total Outstanding

Range of Exercise Prices	Number	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
<u>Employees and directors</u>			
\$0.18 to \$0.185	2,310	0.18	0.05
\$0.20 to \$0.27	3,148	0.21	1.86
\$0.30 to \$0.41	9,865	0.32	3.65
	15,323	0.28	2.54

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023**

Range of Exercise Prices	Exercisable		
	Outstanding	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (Years)
<u>Employees and directors</u>			
\$0.18 to \$0.185	2,210	0.18	0.02
\$0.20 to \$0.27	3,085	0.21	1.84
\$0.30 to \$0.41	4,328	0.32	3.59
	9,623	0.25	2.21

For the three month period ended March 31, 2024, the Corporation recorded share-based payment expense of \$170 (2023 - \$216).

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.

A summary of the Corporation's outstanding restricted share units as at March 31, 2024 and December 31, 2023 and the changes for the period then ended, is as follows:

(Units)	Restricted Share Units
Balance at December 31, 2023	-
Granted	703
Balance at March 31, 2024	703

(Stated in thousands)	Three months ended, March 31	
	2024	2023
Cash-settled share-based compensation expense		
Expense arising from RSU	27	-
Total expense cash-settled share-based compensation	27	-

As at March 31, 2024, \$27 of outstanding liabilities for cash-settled compensation plans (December 31, 2023 - \$0) 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:

(stated in thousands)	Three months ended, March 31	
	2024	2023
Stock Options	143	216
RSU - cash settled expense	27	-
Total stock based compensation expense	170	216

12. FINANCIAL INSTRUMENTSCapital 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

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**
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business. The Corporation defines capital as share capital, convertible debentures and working capital, which was \$89,503 as at March 31, 2024 (December 31, 2023 - \$89,110). For the three month period ended March 31, 2024, the Corporation complied with externally imposed requirements on its capital, including covenants related to its Demand Facility and Term Loan.

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 loss allowance provision for trade accounts receivable as at March 31, 2024 reconciles to the opening loss allowance provision as follows:

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

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

Substantially all of the Corporation's cash are held by high credit quality financial institutions.

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

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

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

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

Liquidity risk

The Corporation's objective in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by maintaining sufficient cash to settle current liabilities and meet its anticipated working capital requirements. As at March 31, 2024, the Corporation had working capital of \$6,488 (December 31, 2023 - \$5,982). 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.

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023**

The Corporation's trade payables, accrued liabilities and other liabilities were as follows:

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

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

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, 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 which bears interest at floating market rates. For the three month period ended March 31, 2024, if the prime interest rate increased/decreased by 1%, with all other variables held constant, the Corporation's net income would have increased/decreased by \$53. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the Corporation's exposure to interest rate fluctuations.

b) **Foreign Currency Risk:**

The Corporation is exposed to foreign currency fluctuations on its financial instruments in relation to its U.S. dollar-denominated cash, accounts receivable and accounts payable. The Corporation monitors its foreign currency exposure and attempts to minimize the effect of fluctuations in the U.S. dollar by maintaining appropriate levels of cash and accounts receivable to offset corresponding U.S. dollar denominated accounts payable. For the three month period ended March 31, 2024, if the foreign exchange rate increased/decreased by 1% with all other variables held constant, the impact on the Corporation's net income is immaterial. This analysis has been determined based on the immaterial exposure to foreign exchange for financial instruments outstanding at March 31, 2024.

c) **Fair Value:**

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the observable nature of inputs employed in the measurement:

Level 1: fair value measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. Level 2 valuations are based on inputs including quoted forward prices, time value, volatility factors and broker quotes that can be observed or corroborated in the market for the entire duration of the derivative instrument. Level 3: fair value measurements are based on unobservable information or where the observable data does not support a significant portion of the instrument's fair value.

The carrying amount of cash, trade and other receivables, Demand Facility, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The fair value of the Term Loan approximates its carrying amount as the Term Loan has a floating interest rate. At March 31, 2024, the Corporation valued its cash using Level 1 inputs. The Corporation does not have any Level 2 instruments. The fair value of the investment in equity securities are based on unobservable inputs and are considered a Level 3 fair value instrument.

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)**
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As at March 31, 2024 and 2023, the fair value of the investment in equity securities approximates the carrying value.

13. FINANCE COSTS

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

	Three months ended, March 31	
	2024	2023
Interest on lease liabilities	18	24
Interest on Demand Facility	63	155
Interest on BDC Loan	-	32
Interest on Term Loan	401	181
Interest on convertible debentures	-	19
Amortization of deferred financing costs	32	18
Other Interest	3	-
Finance costs	517	429

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, 2024 and 2023:

	Three months ended, March 31	
	2024	2023
Changes in non-cash working capital items:		
Trade and other receivables	(5,697)	(4,419)
Prepaid expenses and deposits	(121)	54
Accounts payable and accrued liabilities	(581)	(382)
Total	(6,399)	(4,747)
Relating to:		
Operating activities	(5,288)	(3,171)
Investing activities	(1,111)	(1,576)
Total	(6,399)	(4,747)

15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

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

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

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

STAMPEDE DRILLING INC.**(In thousands of Canadian dollars except for per share amounts)****Notes to the Condensed Consolidated Interim Financial Statements (Unaudited)****March 31, 2024 and 2023****16. REVENUE RECOGNITION**

	Three months ended, March 31	
	2024	2023
Contract Drilling rig services	13,578	13,249
Contract Drilling rig lease revenue	13,921	12,448
Total revenue	27,499	25,697

The Corporation's contracts contain both a lease and a service element. IFRS 15, Revenue from Contracts with Customers (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.

17. SUBSEQUENT EVENT

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