ENTERPRISE OIL
LIMITED

Consolidated Financial Statements

September 30, 2006 and 2005

The accompanying consolidated financial statements of Enterprise Oil Limited were prepared by management in accordance with accounting principles generally accepted in Canada.

Management is responsible for the integrity of the financial statements. Financial statements include estimates that are necessary when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Based on careful judgments by management, such estimates have been properly reflected in the accompanying consolidated financial statements. Systems of internal control are designed and maintained by management to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial purposes.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. The committee meets with management and the external auditors to satisfy itself that management's responsibilities are properly discharged and to review financial statements before they are presented to the Board of Directors for approval. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of external auditors.

The external auditors, Hawkings Epp Dumont LLP, an independent firm of Chartered Accountants, conducted an audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards to express their opinion on the financial statements. Their examination included such tests and procedures as they considered necessary to provide reasonable assurance that the financial statements are presented fairly. They have provided an opinion on the consolidated financial statements and have full and free access to the Audit Committee.

"Leonard D. Jaroszuk"	"David Chittle"
President and Chief Executive Officer	Chief Financial Officer

Hawkings Epp Dumont LLP

Chartered Accountants

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AUDITOR'S REPORT

To the Shareholders of Enterprise Oil Limited

We have audited the consolidated balance sheet of Enterprise Oil Limited as at September 30, 2006 and 2005 and the consolidated statements of income and retained earnings, and cash flow for the periods then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2006 and 2005 and the results of its operations and cash flow for the periods then ended in accordance with Canadian generally accepted accounting principles.

Hawkings Epp Dumont LLP

HAWKINGS EPP DUMONT LLP
Chartered Accountants

Edmonton, Alberta
December 15, 2006

Founding Partners
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ENTERPRISE OIL LIMITED

Consolidated Balance Sheet

As at September 30		2006		2005
Assets				
Current				
Cash and cash equivalents	$	**1,838,670**	$	-
Accounts receivable		**5,248,558**		621,460
Inventory (note 3)		**661,693**		-
Prepaid expenses		**251,515**		11,500
Future income taxes (note 10)		**352,000**		-
		8,352,436		632,960
Property, plant and equipment (note 5)		**8,877,492**		2,335,387
Goodwill (note 4)		**6,941,574**		574,533
Other intangible assets (note 6)		**280,273**		201,824
Portfolio investments (note 7)		**100,000**		-
	$	**24,551,775**	$	3,744,704
Liabilities and Shareholders' equity				
Current				
Bank indebtedness (note 8)	$	**1,490,000**	$	65,442
Accounts payable and accruals		**1,294,321**		201,521
Income taxes payable		**1,008,368**		-
Current portion of long term debt (note 9)		**1,644,029**		441,788
		5,436,718		708,751
Long term debt (note 9)		**3,398,244**		1,013,265
Future income taxes (note 10)		**333,000**		-
		9,167,962		1,722,016
Shareholders' equity				
Share capital (note 12)		**12,769,513**		2,373,953
Contributed surplus		**416,534**		101,950
Retained earnings (deficit)		**2,197,766**		(453,215)
		15,383,813		2,022,688
	$	**24,551,775**	$	3,744,704

Approved on behalf of the Board:

"Leonard D. Jaroszuk" Director

"Douglas C. Bachman" Director

The accompanying notes are an integral part of the financial statements.

ENTERPRISE OIL LIMITED
Consolidated Statement of Income and Retained Earnings

Year ended September 30		2006		(note 18) 2005
Revenue	$	**32,282,333**	$	560,797
Direct expenses *(Schedule 1)*		**26,088,960**		549,820
Gross margin		**6,193,373**		10,977
General and administrative expenses *(Schedule 2)*		**3,091,344**		356,410
Income (loss) from operations		**3,102,029**		(345,433)
Other income		**305,952**		18,219
Income (loss) before income taxes		**3,407,981**		(327,214)
Income taxes (recovery)				
Current		**776,000**		-
Future		**(19,000)**		-
		757,000		-
Net income (loss)	$	**2,650,981**	$	(327,214)
Retained earnings (deficit) beginning of year		**(453,215)**		(126,001)
Retained earnings (deficit) end of year	$	**2,197,766**	$	(453,215)
Earnings per share				
Basic earnings (loss) per share	$	**0.14**	$	(0.04)
Diluted earnings (loss) per share	$	**0.12**	$	(0.04)
Weighted average number of common shares				
Basic		**19,133,611**		9,086,800
Diluted		**22,545,435**		10,553,490

The accompanying notes are an integral part of the financial statements

Year Ended September 30	2006	(note 18) 2005
Cash provided by (used for) the following:		
Operating activities		
Net income (loss)	$ 2,650,981	$ (327,214)
Items not affecting cash:		
Amortization of property, plant and equipment	768,641	68,789
Amortization of intangible assets	56,253	-
Gain on sale of property, plant and equipment	(11,873)	-
Stock-based compensation	314,584	4,000
Future income tax (recovery)	(19,000)	-
	3,759,586	(254,425)
Changes in non-cash working capital (Schedule 3)	(3,427,639)	(435,811)
	331,947	(690,236)
Investing activities		
Deferred financing and acquisition costs	(134,702)	(206,000)
Purchase of goodwill	(4,307,041)	(524,533)
Purchase of property, plant and equipment	(7,585,343)	(2,400,000)
Proceeds from sale of equipment	286,470	-
Purchase of investments	(100,000)	-
	(11,840,616)	(3,130,533)
Financing activities		
Shares issued on business acquisition	(2,060,000)	(50,000)
Advances from director	-	(614)
Increase in vendor debt	400,000	374,533
Proceeds from long term financing	4,371,485	1,100,000
Net proceeds on issuance of share capital	10,395,560	710,300
Repayment of long term debt	(1,184,264)	(19,480)
	11,922,781	2,114,739
Increase (decrease) in cash flow	414,112	(1,706,030)
Cash (deficiency), beginning of year	(65,442)	1,640,588
Cash (deficiency), end of year	$ 348,670	$ (65,442)
Cash flow supplementary information		
Interest paid	$ 263,546	$ 17,784
Interest received	8,259	18,219
Cash consists of		
Cash and cash equivalents	$ 1,838,670	$ -
Bank indebtedness	(1,490,000)	(65,442)
	$ 348,670	$ (65,442)

The accompanying notes are an integral part of the financial statements

1. Nature of Operations

Enterprise Oil Limited ("Enterprise" or the "company") incorporated under the Business Corporations Act of Alberta on March 23, 2004 and is publicly traded on the TSX Venture Exchange under the symbol "EON". The company provides energy and construction services to customers in the Alberta region. The company acquired the operating net assets of A.G. Grant Construction Ltd. (AGG) on August 24, 2005 and 100% of the outstanding common shares of Trevor King Oilfield Services Ltd. (TKO) on April 1, 2006.

2. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Basis of Consolidation
The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries A.G. Grant Construction Ltd., Trevor King Oilfield Services Ltd., Enterprise Pipeline Company Inc., ESI Management Inc. and 1204757 Alberta Ltd. All significant inter-company accounts and transactions have been eliminated on consolidation.

Use of estimates
The preparation of financial statements for a period necessarily involves the use of estimates and approximations which have been made using careful judgment because the precise determination of many assets, liabilities, revenues, and expenses are dependent upon future events. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies as summarized below. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property, plant and equipment, and intangible assets. Stock-based compensation expense is based on estimates of volatility, expected terms and risk free rate of interest. The allocation between goodwill and other intangibles of the excess of purchase price over fair value of tangible assets is based on preliminary assumptions and estimates that may change as final assessments of the acquired companies are completed.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Financial Instruments
All significant financial assets and liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of the future cash flows and interest rate, currency or credit risk.

Segments
Management regards the current activities of the company as being conducted in one business segment, that being energy and construction services. All activities and equipment of the company are located in one geographical segment in Alberta. Accordingly, no segment disclosure has been provided in these financial statements.

Cash and cash equivalents
Cash and cash equivalents include balances with banks and short term investments with maturities of three months or less.

Investments
Investments are valued at the lower of cost and market value with any other than temporary declines in value being recognized in earnings of the period. Investments subject to significant influence are accounted for using the equity method.

Revenue Recognition
Revenue from long term contracts is recognized on the completed contract basis. Revenue is recognized when the job is substantially completed. Any amounts invoiced prior to completion are recorded as unearned revenue and related costs as work in progress inventory.

Inventory
Raw materials, parts and supplies inventory are valued at the lower of cost and replacement cost. Cost is determined using the first in, first out basis method. Work in progress inventory is valued at the lower of absorption cost and net realizable value. Absorption costs include direct labor, direct materials and related variable and fixed overhead pertaining to the jobs in progress.

Goodwill
Goodwill represents the excess of purchase price over the fair market value of the net tangible and identifiable assets acquired, is recorded at cost, less any provision for permanent impairment. Goodwill is not amortized. Instead, goodwill is tested for impairment on an annual basis. The company assesses impairment based on the estimated undiscounted future cash flows from operations. Impairment of goodwill is measured by comparing its book value against the consolidated estimated undiscounted future cash flows, and any permanent impairment is included in the current period earnings.

Property, plant and equipment
Property, plant and equipment are recorded at cost. Property, plant and equipment are amortized over their estimated useful lives using the straight line method at the following rates, commencing the month of acquisition:

Buildings	240 months
Office furniture and equipment	60 months
Computer and communication equipment	48 months
Small tools and equipment	36 months
Light automotive equipment	60 months
Heavy automotive equipment	120 months
Construction equipment	120 months

Leasehold improvements are amortized over the remaining term of the lease.

The company reviews its property, plant and equipment for impairment whenever events of changes in circumstances indicate that the carrying value may not be recoverable. Impairment is recognized when the carrying amount of an asset is greater than its fair value. The impairment is measured as the difference between the carrying value of the asset and its fair value calculated using the market prices, appraisals and undiscounted cash flows.

Long-lived assets
Long-lived assets consist of property, plant and equipment, deferred acquisition costs and deferred financing costs. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. The company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in the consolidated statement of income. Discounted cash flows are used to measure fair value of long-lived assets.

Intangible assets
Deferred financing costs are recorded at cost and amortized on a straight line basis over the term of the related debt over four years.

Deferred business acquisition costs are recorded at cost and amortized on a straight line basis over five years.

Future income taxes
The company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the financial reporting and tax bases of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to be either settled or realized. A valuation allowance is recorded for the portion of the future tax assets for which the realization of any value does not meet the "more likely than not" test.

Stock-based compensation / Contributed surplus
The company uses the fair value base method, whereby compensation cost is charged directly to earnings for all stock-based awards granted. The company determines the fair value of the stock options, using the Black-Scholes option-pricing model. The expense is determined on the grant date and recognized on the date the option is saleable without restriction with a corresponding increase to contributed surplus in shareholders' equity. When stock options are exercised, the proceeds, together with the amount of the contributed surplus, are recorded in share capital.

Earnings per share
Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated using the "treasury method", which assumes that all outstanding share options and share purchase warrants are exercised, if dilutive, and the assumed proceeds are used to purchase the company's common shares at the average market price during the period the underlying share options and share purchase warrants were outstanding.

Share issuance costs
Costs related to the issuance of shares are charged against share capital.

Foreign currency translation
Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net income for the current period.

3. Inventory		**2006**	2005
Supplies and parts	$	**238,159**	-
Work in progress		**423,534**	-
	$	**661,693**	-

4. Business Acquisitions

A.G. Grant Construction Ltd. (AGG)

The company, through its wholly owned subsidiary, AGG entered into an asset purchase agreement dated August 3, 2005 to acquire the business assets, excluding real property and operations of A & G Grant Construction (1983) Inc. The transaction became effective on August 24, 2005 constituting the Qualifying Transaction and has been included in the consolidated financial statements since that date. Goodwill acquired is considered purchased goodwill.

Trevor King Oilfield Services Ltd. (TKO)

The company acquired 100% of the shares of Trevor King Oilfield Services Ltd. effective April 1, 2006.

1204757 Alberta Ltd. (1204757)

The company acquired 100% of the shares of 1204757 Alberta Ltd. effective September 28, 2006 from a company director. The director acquired land and buildings in trust for the company in March 2006. The land and buildings are leased to AGG.

The acquisitions have been accounted for using the purchase method whereby the purchase price is allocated to the net assets acquired based on their fair values as follows:

	AGG	TKO	1204757	Total
Assets				
Working capital (Net)	$ -	$ 146,725	$ -	**$ 146,725**
Land and buildings	-	-	400,000	**400,000**
Property, plant and equipment	2,400,000	2,248,761	-	**4,648,761**
Goodwill	574,533	6,367,041	-	**6,941,574**
Intangible assets	206,000	-	3,202	**209,202**
	3,180,533	**8,762,527**	**403,202**	**12,346,262**
Current liabilities	-	-	-	-
Long-term debt	-	1,702,527	-	**1,702,527**
	$ 3,180,533	**$ 7,060,000**	**$ 403,202**	**$ 10,643,735**
Consideration				
Cash to vendor	$ 2,550,000	$ 4,600,000	$ 400,000	**$ 7,550,000**
Business acquisition costs	206,000	-	3,202	**209,202**
Common shares to vendor	50,000	2,060,000	-	**2,110,000**
Vendor debt	374,533	400,000	-	**774,533**
	$ 3,180,533	**$ 7,060,000**	**$ 403,202**	**$ 10,643,735**
Price per Common Share to vendor	$ 0.25	$ 2.06	$ -	**$** -

5. Property, plant and equipment

	Cost	Accumulated amortization	**2006 Net book value**	2005 Net book value
Land	$ 250,000	$ -	**$ 250,000**	$ -
Buildings	246,842	22	**246,820**	-
Small tools and equipment	323,578	153,359	**170,219**	-
Computers and communication	54,376	16,272	**38,104**	-
Light automotive equipment	1,158,789	163,367	**995,422**	-
Office furniture and equipment	173,612	33,112	**140,500**	6,871
Heavy automotive equipment	4,213,601	2,167,612	**2,045,989**	732,040
Construction equipment	5,328,196	389,520	**4,938,676**	1,596,476
Leasehold improvements	58,299	6,537	**51,762**	-
	$ 11,807,293	**$ 2,929,801**	**$ 8,877,492**	**$ 2,335,387**

Amortization expense for the year is $768,641 (2005 - $64,613).

The company changed its accounting policy effective October 1, 2005 using the straight line method at rates that fairly estimate the useful lives of the assets. No retroactive adjustments were applied to the prior period.

6. Other intangible assets

	Cost	Accumulated amortization	**2006 Net book Value**	2005 Net book Value
Deferred acquisition costs	$ 209,202	$ 45,429	**$ 163,773**	$ 201,824
Deferred financing costs	131,500	15,000	**116,500**	-
	$ 340,702	**$ 60,429**	**$ 280,273**	**$ 201,824**

Amortization of $56,253 has been recorded during the year (2005 - $4,176) for deferred acquisition and financing costs.

7. Portfolio investment

The company has invested $100,000 in 400,000 common shares of Samoth Oilfield Inc., a public capital pool company, incorporated May 8, 2006. Samoth Oilfield Inc. is controlled by directors and officers who exercise significant influence over Enterprise Oil Limited. Samoth Oilfield Inc. commenced trading as at December 20, 2006, but has not yet commenced operations.

8. Bank indebtedness

The company has authorized revolving lines of credit in the maximum amounts as follows:

A.G. Grant Construction Ltd.	$3,500,000
Trevor King Oilfield Services Ltd.	$2,500,000

The loans bear interest at prime plus 0.625%. The loans cannot exceed 75% of eligible unencumbered accounts receivable as defined by the bank measured on an ongoing basis. Security issued and its borrowing covenants and restrictions are described in note 9 to the financial statements. Trevor King Oilfield Services Ltd. had a revolving demand loan in the amount of $1,490,000 as at September 30, 2006. The bank has authorized corporate credit cards in the maximum amount of $50,000.

9. Long term debt

Bank loans

The company has non-revolving bank loans used to finance certain equipment acquisitions. The loans bear interest at prime lending rate plus 1% and repayments are as follows:

Loan	Type	Balance September 30, 2006	Monthly Repayments	Maturity Date
Loan 1	AGG	$ 833,075	$ 26,000	August 31, 2009
Loan 6	TKO	2,262,000	59,500	March 31, 2010
Loan 2	Capital line	99,610	3,000	November 30, 2009
Loan 7	Capital line	426,003	14,275	June 30, 2009
Loan 8	Capital line	160,140	5,215	July 30, 2009
Loan 9	Capital line	319,510	10,500	September 30, 2009
		$ 4,100,338	**$ 118,490**	

Capital line of credit

The company has a capital line of credit available in the maximum amount of $1,500,000 to finance equipment acquisitions (loans 2, 7, 8, 9). The loans bear interest at prime plus 1% and repayable in monthly blended payments over terms ranging from 24 to 60 months depending upon the age of the equipment financed. The company has $494,735 available on its credit line as at September 30, 2006.

The following has been pledged as security for the bank indebtedness:

- General Security agreements charging all assets of the company and its subsidiaries.
- Guarantee and postponement and assignment of claim from A.G. Grant Construction Ltd.
- Guarantee and postponement and assignment of claim from Trevor King Oilfield Services Ltd.
- Guarantee from a company director and officer in the amount of $750,000.

The bank requires that the company maintain certain covenants and restrictions at all times to support its indebtedness. The company was in compliance with these covenants as at September 30, 2006.

9. Long term debt (continued)

Vendor debt

The company has non-interest bearing vendor debt from the purchase transaction in the amount of $187,267 as at September 30, 2006 (2005 - $387,267) repayable August 24, 2007. The debt is subordinated to the bank and is secured by a general security agreement covering the assets of A.G. Grant Construction Ltd.

The company has vendor debt resulting from the acquisition of the shares of Trevor King Oilfield Services Ltd. in the amount of $400,000 as at September 30, 2006 repayable in two annual installments of $200,000 commencing March 31, 2007. The debt bears interest at prime plus 2%, which is forgivable if paid by March 2007. The debt is subordinated to the bank and is secured by a general security agreement covering the assets of Trevor King Oilfield Services Ltd.

Equipment loans

The company acquired specific construction equipment loans with a balance of $282,718 as at September 30, 2006 (2005 - $nil), bearing interest at 6.5%, monthly payments of $6,714 maturing September 30, 2010.

The company acquired specific automotive vehicle loans with balances of $71,950 as at September 30, 2006 (2005 - $nil), bearing interest at 0% and 1.9% with cumulative blended monthly payments of $1,784, maturing in 2012.

Summary		2006	2005
Bank loans	$	4,100,338	$ 1,080,520
Vendor debt		587,267	374,533
Equipment loans		354,668	-
		5,042,273	1,455,053
Current portion		1,644,029	441,788
Long term portion	$	3,398,244	$ 1,013,265

Principal repayment requirements on the long term liabilities are estimated as follows:

2007	2008	2009	2010	2011	Total
$1,644,029	$1,545,928	$1,345,096	$498,713	$8,507	$5,042,273

10. Income taxes

		2006
Current income tax rates		32.8%
Expected income tax expense (recovery)	$	1,120,000
Increase (decrease) in taxes resulting from:		
Stock based compensation		103,000
Tax benefit from losses carried forward		(102,000)
Future tax adjustments		(19,000)
Capital cost allowance in excess of amortization		(292,000)
Share issuance cost		(45,000)
Other		(8,000)
Actual income tax expense (recovery)	$	757,000

Net future income tax is comprised as follows:

Differences between tax base and reported amounts		2006
Property, plant and equipment	$	(889,615)
Goodwill (purchased)		400,737
Share issuance costs		550,020
Other		(1,940)
	$	59,202
Income taxes at statutory rate	$	19,000
Represented by:		
Future income taxes receivable	$	352,000
Future income taxes payable (long term)		(333,000)
	$	19,000

The current and future income tax asset was not recorded in 2005 as it did not meet the “more likely than not” test.

11. Related party transactions

During the year, the company paid $104,480 (2005 - $nil) for premises and equipment rent to a company controlled by a director of the company. The company paid $24,000 (2005 - $nil) for premises to management that operates Trevor King Oilfield Services Ltd. These transactions are recorded at the amount established and agreed to by the parties.

The company paid $223,500 (2005 - $nil) to a company controlled by an officer and director of the company and $133,415 (2005 - $nil) to a company controlled by an officer for management services rendered in the normal course of business during the year. The company acquired approximately $66,000 (2005 - $nil) of office furniture and equipment from a director and officer. This transaction is recorded at the amount established and agreed to by the parties.

The company acquired 100% of the shares of 1204757 Alberta Ltd. effective September 28, 2006 from a company director. The director acquired land and buildings in trust for the company in March 2006. The land and buildings are leased to AGG.

An officer and director of the company received 600,000 common shares at a price of $0.25/share in exchange for providing a guarantee on a $1,100,000 bank loan required to complete the acquisition of the assets from A & G Grant Construction (1983) Inc. during the prior year.

12. Share Capital

a) Authorized capital

Unlimited	Class "A" voting shares
Unlimited	Preferred shares, issuable in series, terms to be set at time of issuance

	2006	2005
Common shares outstanding at September 30, 2006:		
25,405,700 Common shares (2005 - 11,841,200)	**$ 12,769,513**	$ 2,373,953

	2006		2005	
	Shares	**Amount**	Shares	Amount
Shares outstanding, beginning of year	**11,841,200**	**$ 2,373,953**	9,000,000	$ 1,663,653
Shares issued as consideration for qualifying transaction	-	-	200,000	50,000
Shares issued as consideration for loan guarantee	-	-	600,000	150,000
Private placements for cash	**7,788,600**	**6,767,460**	2,000,000	500,000
Shares issued for business acquisition	**1,000,000**	**2,060,000**	-	-
Warrants exercised	**3,638,000**	**1,928,500**	-	-
Stock options exercised	**550,000**	**137,500**	-	-
Agent options exercised	**502,800**	**125,700**	41,200	10,300
Agent units exercised	**43,700**	**32,775**	-	-
Agent warrants exercised	**41,400**	**31,050**	-	-
Share issue costs	-	**(687,425)**	-	-
Shares outstanding, end of year	**25,405,700**	**$ 12,769,513**	11,841,200	$ 2,373,953

12. Share Capital (continued)

Escrowed shares

As at September 30, 2006, the company's transfer agent held 1,450,000 (2005 - 3,800,000) common shares subject to TSX Venture Exchange escrow agreements. These shares will be automatically released over time through to September 2007.

b) Private placements

During the year, the company completed two private placements.

November 21, 2005
The first private placement consisted of 3,000,000 common shares at $0.50 with an equal number of warrants at $0.75, with 2,000,000 warrants expiring November 21, 2006 and 1,000,000 warrants expiring December 23, 2006. The private placement included 460,000 shares placed through an agent. The agent was granted 46,000 units. Each unit entitles the agent to purchase an equal number of common shares at $0.75, expiring November 26, 2006, and each common share carries a warrant at $0.75, expiring December 23, 2006.

At September 30, 2006, 989,000 warrants expiring November 21, 2006 and 373,000 warrants expiring December 23, 2006 were outstanding. In addition, 2,300 agent units and 4,600 agent warrants were outstanding.

February 22, 2006
The second private placement consisted of 4,788,600 common shares at $1.10 with an equal number of warrants at $1.50 expiring February 22, 2007. This private placement was placed through an agent. The agent received 478,860 units. Each unit entitles the agent to purchase an equal number of common shares at $1.10, expiring November 26, 2006, and each common share carries a warrant at $1.50, expiring February 22, 2007.

At September 30, 2006, 4,788,600 warrants were outstanding. In addition, 478,860 agent units and 478,860 agent warrants were outstanding.

c) Agent Options

During the year, nil (2005 – 600,000) options were granted to agents regarding private placements or offerings.

The table below sets out the changes in agent options, with their weighted average prices, during the year.

	2006		2005	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Agent options, outstanding beginning of year	**558,800**	**$ 0.25**	-	$ -
Granted	-	-	600,000	0.25
Exercised	(502,800)	(0.25)	(41,200)	(0.25)
Expired	(56,000)	(0.25)	-	-
Agent options, outstanding end of year	**-**	**$ -**	558,800	$ 0.25

12. Share Capital (continued)

d) Stock Options

The company has a stock option plan for directors, officers, consultants and employees to purchase common shares over a period of five years from the date the option is granted at prices approximating market prices at the date of grant. The options are subject to a 120 day hold period following the date of grant.

The table below sets out the changes in stock options, with their weighted average prices, during the year.

	2006			2005		
	Number		**Weighted average exercise price**	Number		Weighted average exercise price
Stock options, outstanding beginning of year	**980,000**	**$**	**0.25**	**900,000**	**$**	**0.25**
Granted	1,980,000		0.72 – 2.06	80,000		0.25
Exercised	(550,000)		(0.25)	-		-
Stock options, outstanding end of year	**2,410,000**	**$**	**1.20**	980,000	$	0.25
Exercisable stock options:						
	430,000	$	0.25	980,000	$	0.25
	525,000		0.72	-		-
	770,000		1.45	-		-
	485,000		1.80	-		-
	200,000		2.06	-		-
Stock options, outstanding end of year	**2,410,000**	**$**	**1.20**	**980,000**	**$**	**0.25**

13. Stock-based compensation

The company recorded stock-based compensation expense of $314,584 (2005 - $4,000) for options that vested during the year. The weighted average value of options granted was $0.18 (2005 - $0.05) estimated using the Black-Scholes option pricing model, under the following assumptions:

Expected term	1 – 2 years
Risk-free interest rate	2.18% - 2.78%
Expected dividends	Nil
Expected volatility	20%

14. Commitments

The company has lease commitments for facilities, construction equipment and vehicles that provide for minimum annual lease payments as follows:

2007	$ **301,476**
2008	**306,300**
2009	**264,688**
2010	**197,542**
2011	-
	$ **1,070,006**

15. Subsequent events

On September 16, 2006, the company entered into a letter of intent in the amount of $12,000,000 to acquire the operations of a private Alberta company operating in western Alberta carrying on a similar business as the other operating subsidiaries. The financial effects of the transaction cannot be made at the date of these consolidated financial statements.

On October 1, 2006, the company transferred the major heavy automotive and construction equipment of A.G. Grant Construction Ltd., Trevor King Oilfield Services Ltd. and Enterprise Oil Limited to Enterprise Pipeline Company Inc. under Section 85 of the Income Tax Act of Canada. Enterprise Pipeline Company Inc. leases the equipment to the respective related companies of Enterprise Oil Limited effective October 1, 2006.

On October 1, 2006, the company transferred the shares of A.G. Grant Construction Ltd. and Trevor King Oilfield Services Ltd. to ESI Management Inc. under Section 85 of the Income Tax Act of Canada. ESI Management Inc. provides management services to the related companies of Enterprise Oil Limited effective October 1, 2006.

On October 17, 2006, the company filed with TSX Venture Exchange a notice of intention to make a normal course issuer bid which commences on October 23, 2006, terminating on October 22, 2007. The company intends to acquire up to 1,267,185 of issued common shares.

16. New accounting standards

Financial instruments and other comprehensive income

New accounting standards will be in effect for fiscal years beginning on or after October 1, 2006 for recognition and measurement of financial instruments and disclosure of comprehensive income. The company is currently investigating the impact of these new standards.

17. Financial instruments

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, as well as bank indebtedness, accounts payable and accruals, and long term debt which will result in future cash outlays.

The company is exposed to the following risks in respect of certain of the financial instruments held.

Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The company is exposed to credit risk from customers. However, to mitigate this risk the company regularly reviews customer credit limits. The company realized approximately 50% of its revenue from one customer during the year.

Fair Value

The carrying values of the financial instruments noted above approximate their fair values due to their short term nature.

Interest rate risk

The company minimizes its exposure to interest rate risks by securing financing with a fixed interest rate for some of its capital asset acquisitions and limiting its financing terms to less than forty-eight months.

18. Comparative amounts

Some of the comparative figures have been reclassified to conform to the current year's presentation. The comparative figures are for the nine month period ended September 30, 2005. Operations for A.G. Grant Construction Ltd., a wholly owned subsidiary occurred from August 24, 2005 to September 30, 2005.

ENTERPRISE OIL LIMITED

(Schedule 1)

Consolidated Direct Expenses

Year Ended September 30		**2006**		2005
Trades and sub-contracts	**$**	**11,283,644**	$	235,093
Employee wages and benefits		**8,481,190**		219,263
Fuel		**1,669,797**		17,800
Rentals		**1,574,225**		11,972
Camp and lodging		**1,273,133**		17,410
Supplies		**1,253,983**		36,090
Repairs and maintenance		**933,175**		11,836
Freight		**43,348**		356
		26,512,495		549,820
Less: Work in progress, end of year		**(423,535)**		-
	$	**26,088,960**	$	549,820

ENTERPRISE OIL LIMITED

(Schedule 2)

Consolidated General and Administrative Expenses

Year Ended September 30	2006	2005
Amortization of property, plant and equipment	$ **768,641**	$ 64,613
Management salaries and fees	**356,915**	60,250
Stock-based compensation (note 13)	**314,584**	4,000
Professional fees	**297,050**	141,728
Office, travel and accommodation	**283,677**	34,204
Insurance	**218,316**	7,192
Interest on long term debt	**184,423**	6,020
Rent and utilities	**166,059**	9,816
Telephone and communication	**164,455**	3,882
Advertising and promotion	**121,312**	1,781
Interest and bank charges	**79,123**	11,762
Amortization of intangible assets	**56,253**	4,176
Exchange and listing fees	**51,833**	-
Business taxes, licenses and memberships	**28,703**	6,986
	$ **3,091,344**	$ 356,410

ENTERPRISE OIL LIMITED

(Schedule 3)

Consolidated Changes in Non-Cash Working Capital

Accounts receivable	**$**	**(4,627,098)**	$	(617,132)
Accounts payable and accruals		**1,092,798**		192,821
Inventory		**(661,693)**		-
Prepaid expenses		**(240,015)**		(11,500)
Current income taxes		**1,008,369**		-
	$	**(3,427,639)**	$	(435,811)