ENTERPRISE OIL
LIMITED

Management's Discussion and Analysis ("MD&A")
Year ended September 30, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

YEAR ENDED SEPTEMBER 30, 2006

This discussion should be read in conjunction with the annual consolidated financial statements of Enterprise Oil Limited (the "Company" and/or "Enterprise") for the fiscal year ended September 30, 2006, as well as the supporting MD&A for that year. This MD&A was prepared effective January 8, 2007.

This report contains forward-looking statements which reflect management's expectations regarding the Company's future plans and intentions, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to describe these forward-looking statements. These statements reflect management's current beliefs and are based on the information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

Throughout this MD&A a certain measure has been used that is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"). The specific measures used are earnings before interest, taxes, depreciation and amortization ("EBITDA") and earnings before interest, taxes, depreciation, amortization and stock based compensation ("EBITDAS"). Please review the discussion of this measure in the "NON-GAAP Measures" section of this MD&A.

COMPANY PROFILE

Enterprise Oil Limited (TSX Venture Exchange: TSX-V; Symbol "EON") is a growing pipeline construction and oilfield maintenance company serving the needs of Central and Northern Alberta's oilfields. With office headquarters in St. Albert, Alberta, Canada, sales offices in Calgary, Alberta, construction offices in Slave Lake and Wainwright, Alberta, and field offices in Wabasca, and Red Earth, Alberta and soon to be established field offices in Fox Creek and Grande Prairie, Alberta; Enterprise is strategically located near our customers. The Company's objective is to acquire, integrate and operate specialized, small to mid-sized growth oriented companies in the energy services sector throughout Central Alberta.

Enterprise constructs pipelines throughout Northern and Central Alberta, with a growing asset base of approximately $9 million including a fleet of over 150 trucks and heavy construction equipment. Our major projects are divided evenly between oil and gas markets, with the majority of work in construction of pipeline, up to 12" diameter steel.

Enterprise is focused on providing pipeline construction and oilfield maintenance services to the energy services industry. These services include pipeline construction, repairs and maintenance, wellhead tie-ins, water injection lines, facilities construction, and oilfield hauling. Enterprise has the equipment and expertise to undertake a project from start to finish.

Enterprise's customers include some of the world's largest energy producers. Enterprise will increase the collective customer base and overall revenues by developing a skilled labor force supported by a complete fleet of vehicles and equipment, thereby providing wide geographic coverage of energy services in Alberta.

SEASONALITY OF OPERATIONS

A significant portion of the Company's operations relate to the oilfield services and construction segment in Alberta. The Company's earnings follow a seasonal activity pattern of Alberta's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring thaw. Due to the spring thaw, frost comes out of the ground, which makes roads incapable of supporting heavy equipment resulting in making drilling for oil and gas more difficult. As a result, demand for these types of services generally is the highest in the fall and winter quarters and the lowest in the spring quarter.

FORWARD-LOOKING INFORMATION

Certain information in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. Forward-looking statements may contain words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions and statements relating to matters that are not historical facts. These may include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to pipeline and facilities construction and maintenance services associated with the oil and gas industry and the domestic and worldwide supplies and commodity prices of oil and gas.

These risks and uncertainties include, but are not limited to, seasonal weather patterns, maintaining and increasing market share, government regulation of energy and resource companies, terrorist activity, the price and availability of alternative fuels, the availability of pipeline capacity, potential instability or armed conflict in oil producing regions, overall economic environment, the success of integrating and realizing the potential of acquisitions, ability to attract and retain key personnel, technological change, demand for services provided by Enterprise, and fluctuations in the value of the Canadian dollar relative to the US dollar.

These risks and uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. The forward-looking information is based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change as a result of new information or future events. Readers should not place undue reliance on forward-looking information.

NON-GAAP MEASURES

In addition to using financial measures prescribed by GAAP (Generally Accepted Accounting Policies), certain non-GAAP measures are also used in this MD&A. These non-GAAP measures are "EBITDA" and "EBITDAS".

References in this MD&A to EBITDA are to net income before interest, taxes, depreciation and amortization. References in this MD&A to EBITDAS are to net income before interest, taxes, depreciation, amortization and stock-based compensation.

EBITDA and EBITDAS are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Management believes that EBITDA and EBITDAS are appropriate measures in evaluating the Company's performance.

Readers are cautioned that EBITDA and EBITDAS should not be construed as an alternative to net income or cash flow from operating activity (as determined under GAAP) as indicators of financial performance or to cash flow from operating activities (as determined under GAAP) as a measure of liquidity and cash flow. The Company's method of calculating EBITDA and EBITDAS may differ from the methods used by other issuers and, accordingly, the Company's EBITDA and EBITDAS may not be comparable to similar measures used by other issuers. These non-GAAP performance measures such as EBITDA and EBITDAS do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

OVERALL PERFORMANCE

The Company had record revenue of $32,282,333 and EBITDAS of $4,811,005 for its first full fiscal year of operations, ended September 30, 2006. Net income was $2,650,981 or basic earnings of $0.14 per share ($0.12 diluted earnings per share) compared to a net loss of ($347,214) or ($0.04) per share for the year ended September 30, 2005. Cash flow for the year ended September 30, 2006 from (used in) operating activities; including non-cash operating working capital balances was $331,947, as compared to ($690,236) for the year ended September 30, 2005. Cash flow from operating activities; including non-cash operating working capital balances increased $1,022,183 in 2006 over 2005. Stock based compensation; a non cash expense reduced the basic and diluted earnings per share by almost $0.02 per share for 2006. The Company's asset base grew to $24,551,775 as at September 30, 2006 compared to $3,744,704 as at September 30, 2005.

A.G. Grant Construction Ltd. ("AGG"), a wholly owned subsidiary of Enterprise completed its first full fiscal year of operations with revenues of $27,664,847, an increase of approximately 340% over its best fiscal year prior to its acquisition by Enterprise. AGG realized an EBITDA of $5,884,230 representing 21.3% of revenue for the year ended September 30, 2006.

Enterprise completed its second acquisition, effective April 1, 2006, acquiring all the common shares of Trevor King Oilfield Services Ltd. ("TKO"). TKO operates from Wainwright, Alberta and provides energy services to clients located primarily in central and eastern Alberta. TKO was abnormally affected by the extreme wet conditions following the spring thaw in 2006. Weather related delays effectively postponed pipeline projects several months forward. The decline in natural gas prices delayed the releasing of gas line installation on several projects until such time as pricing returned to normal levels. At the time of this publication TKO is operating at 100% utilization.

SELECTED FINANCIAL INFORMATION

The Company was incorporated on March 23, 2004 and was not a reporting issuer pursuant to applicable securities legislation until June 28, 2004. Further, the Company commenced active operations and providing operational services on August 24, 2005 following completion of its Qualifying Transaction, acquiring the business assets, excluding real property, and operations of A&G Grant Construction (1983) Inc.

OVERVIEW OF OPERATIONS

On April 1, 2006 Enterprise acquired the common shares of Trevor King Oilfield Services Ltd. (TKO). During the year, the company incurred additional direct expenses and general and administrative expenses as one-time start up costs to integrate the two subsidiaries AGG and TKO and improve operating procedures, policies and practices. The relevance of companies 2006 to 2005 is minimal since operations only commenced August 24, 2005 for AGG.

A summary of selected financial information for the year ended September 30, 2006 and 2005 is set out below:

Statement of Income Information	**Year ended September 30, 2006**	Year ended September 30, 2005
Revenue	**$ 32,282,333**	$ 560,797
EBITDA	**$ 4,496,421**	$ (240,643)
EBITDAS	**$ 4,811,005**	$ (236,643)
Net income (loss)	**$ 2,650,981**	$ (327,214)
Basic earnings (loss) per share	**$ 0.14**	$ (0.04)
Diluted earnings (loss) per share	**$ 0.12**	$ (0.04)
Weighted average common shares outstanding – basic	**19,133,611**	9,086,800
Weighted average common shares outstanding – diluted	**22,545,435**	10,533,492

EBITDA (earnings before interest, taxes, depreciation and amortization) and EBITDAS (earnings before interest, taxes, depreciation, amortization and stock based compensation) are not recognized measures under Canadian generally accepted accounting principles (GAAP) and therefore are unlikely to be comparable to similar measures presented by other companies. Accordingly, EBITDA and EBITDAS are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management believes that in addition to net income from continuing operations, EBITDA and EBITDAS are useful supplemental financial measures of the Company's operating results, which assist investors' understanding of the level of Enterprise's core earnings and their assessment of the Company's performance. We believe that conventional financial measures of performance prepared in accordance with GAAP do not fully illustrate our core earnings.

Summary of Quarterly Results	**December 31, 2005**	**March 31, 2006**	**June 30, 2006**	**September 30, 2006**	**Year ended September 30, 2006**
Revenue	$ 4,880,206	$ 14,323,496	$ 6,077,844	$ 7,000,787	**$ 32,282,333**
Net Income (loss)	563,569	2,287,852	(1,273,371)	1,072,931	**2,650,981**
Earnings per share - Basic	$0.04	$0.13	$(0.06)	$0.05	**$0.14**
Earnings per share - Diluted	$0.04	$0.13	$(0.04)	$0.06	**$0.12**

Cash Flow Information	**Year ended September 30, 2006**	Year ended September 30, 2005
Cash provided by (used for) operating activities	**$ 3,759,586**	$ (254,425)
Changes in non-cash working capital	**$ (3,427,639)**	$ (435,811)
Investing	**$ (11,840,616)**	$ (3,130,533)
Financing	**$ 11,922,781**	$ 2,114,739
Increase (decrease) in cash	**$ 414,112**	$ (1,706,030)
Cash – beginning of year	**$ (65,442)**	$ 1,640,588
Cash – end of year	**$ 348,670**	$ (65,442)

RECONCILIATION OF EBITDA AND EBITDAS TO HISTORICAL RESULTS

Statement of Income		Year ended September 30, 2006		Year ended September 30, 2005
Net income (loss)	**$**	**2,650,981**	$	(327,214)
Add:				
Income taxes	**$**	**757,000**	$	-
Interest	**$**	**263,546**	$	17,782
Amortization	**$**	**824,894**	$	68,789
EBITDA	**$**	**4,496,421**	$	(240,643)
Add:				
Stock based compensation	**$**	**314,584**	$	4,000
EBITDAS	**$**	**4,811,005**	$	(236,643)

EBITDA and EBITDAS are non-GAAP measures and do not have a standardized meaning under GAAP. See non-GAAP measures under separate heading.

Revenue by Subsidiaries				
A.G. Grant Construction Ltd.	**$**	**27,664,847**	$	560,797
Trevor King Oilfield Services Ltd. (6 months)	**$**	**4,617,486**	$	-
Total	**$**	**32,282,333**	$	560,797

FINANCIAL POSITION

Balance Sheet Information		Year ended September 30, 2006		Year ended September 30, 2005
Working capital (deficiency) (1)	**$**	**2,915,718**	$	(75,791)
Total assets	**$**	**24,551,775**	$	3,744,704
Total debt	**$**	**9,167,962**	$	1,722,016
Shareholder's equity	**$**	**15,383,813**	$	2,022,688
Total common shares outstanding		**25,405,700**		11,841,200

(1) Working capital is current assets less current liabilities.

Financial Statistics and Ratios	**Year ended September 30, 2006**	Year ended September 30, 2005
Gross margin as a percentage of revenue (%)	**19%**	.2%
EBITDA as a percentage of revenue (%)	**14%**	(43%)
EBITDAS as a percentage of revenue (%)	**15%**	(42%)
Working capital ratio (1)	**1.55:1**	.89:1
Funded debt to EBITDA (2)	**1.45:1**	(4.48:1)
Total debt to capitalization (3)	**.41:1**	.55:1
Net capital assets to long-term debt	**1.76:1**	1.61:1

(1) Working capital is current assets less current liabilities

(2) Funded debt includes bank indebtedness and long-term debt

(3) Capitalization includes funded debt and shareholders equity

SHARE CAPITAL

	Year ended September 30, 2006	Year ended September 30, 2005
Share capital, beginning of year	**$ 2,373,953**	$ 1,663,653
Share capital raised during the year:		
Shares for qualifying transaction		50,000
Shares for loan guarantee		150,000
Private placements for cash	**6,767,460**	500,000
Shares issued for business acquisition	**2,060,000**	-
Warrants exercised	**1,928,500**	-
Stock options exercised	**137,500**	-
Agent options exercised	**125,700**	10,300
Agent units exercised	**32,775**	-
Agent warrants exercised	**31,050**	-
Share issue costs	**(687,425)**	-
	$ 10,395,560	$ 710,300
Share capital, end of year	**$ 12,769,513**	$ 2,373,953

	No. of shares	**Total capital**
Share capital, September 30, 2006	**25,405,700**	**$ 12,769,513**
Share capital transactions October 1, 2006 to January 2, 2007:		
Warrants exercised	**1,213,000**	**909,750**
Agent units exercised	**2,300**	**1,725**
Shares purchased	**(164,800)**	**(178,629)**
	1,050,500	**$ 732,846**
Share capital, January 2, 2007	**26,456,200**	**$ 13,502,359**

Share Capital, Fully Diluted	No. of shares
Share capital, January 2, 2007	**26,456,200**
Warrants ($1.50), expiring February 22, 2007	**4,788,600**
Stock options, (weighted average $1.20), expiring 2009 - 2011	**2,410,000**
Share capital, fully diluted	**33,654,800**

RELATED PARTY TRANSACTIONS

Related party transactions, in the normal course of business, for the year ended September 30, 2006 are set out in note 11 of the Financial Statements. Transactions include rent for premises and equipment, management services and equipment acquisitions and amounts established and agreed to by the parties.

CAPITAL RESOURCES AND LIQUIDITY

The Company has working capital (deficiency) of $2,915,718 and ($75,791) as at September 30, 2006 and September 30, 2005 respectively.

The Company has authorized revolving bank lines of credit available to AGG and TKO in the amounts of $3,500,000 and $2,500,000 respectively.

The Company has a bank capital line of credit of $1,500,000 to finance equipment acquisitions. The company has $494,735 available on its capital line as at September 30, 2006.

The Company has bank capital loans used to finance capital assets acquired by AGG and TKO in amounts of $833,075 and $2,262,000 as at September 30, 2006.

The Company's principal payment requirements for 2007 are $1,644,029. The company anticipates that its current cash resources will be sufficient to meet all anticipated obligations throughout the next fiscal year.

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 Company incorporated a new subsidiary, Enterprise Pipeline Company Inc. in September, 2006. On October 1, 2006 the Company transferred all the major heavy automotive equipment and construction equipment to Enterprise Pipeline Company Inc. Enterprise Pipeline Company Inc. leases the equipment to the respective related companies as required.

The Company incorporated a new subsidiary, ESI Management Inc. in September, 2006. On October 1, 2006, the common shares of AGG and TKO were transferred into ESI Management Inc. ESI Management Inc. provides management services to the related companies.

On October 12, 2006 the Company filed a notice of intention, with TSX Venture Exchange, to make a normal issuer bid which commenced on October 23, 2006, terminating October 23, 2007. The Company intends to acquire up to 1,267,185 of issued common shares. As of December 31, 2006 the Company has acquired for cancellation 164,800 common shares of Enterprise.

RISKS AND UNCERTAINTIES

This document contains forward-looking information based upon current expectations that involve a number of business risks and uncertainties. These business risks and uncertainties may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking information.

DISCLOSURE CONTROLS AND PROCEDURES

As at the end of year covered by this report, management, with the participation of the certifying officers, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Company is made known to them by others within those entities.

OUTLOOK

Enterprise is on target to generate over $67,000,000 in revenue for the fiscal year ending September 30, 2007 with the closing of its latest target acquisition in western Alberta.

Enterprise has targeted two other acquisitions which bring the Company to annualized revenues of over $90,000,000.

The demand for pipeline construction is expected to continue to grow in Western Canada. Unlike well service companies, Enterprise is largely isolated from volatile swings of exploration activity. Clients demand fast flexible services, restricting competition to small, regional constrained operators. Enterprise's philosophy is to provide clients with the latest technologically advanced equipment, the industry's highest rated quality and safety standards and highly skilled, well trained and experienced personnel.

Enterprise's proven track record of success, being financially secure and well organized has provided comfort to major oil producing customers that Enterprise will complete the project on time every time, enabling the Company to continue its rapid growth through synergy as well as acquisitions.

AGG and TKO are anticipating record revenue growth for the second quarter of fiscal year 2007. Both subsidiaries have secured projects to ensure over 100% capacity and continue to develop strong customer loyalty to enable their continued growth and expansion.

Enterprise's commitment to developing a strong management team, while incorporating sound business practices and efficient, effective accounting and management reporting systems ensures that growth through synergies and acquisitions will be efficient.

MANAGEMENT TEAM / BOARD OF DIRECTORS

Leonard D. Jaroszuk, President, Chief Executive Officer and Director

David Chittle CA, Chief Financial Officer

Desmond O'Kell, Vice President – Corporate Development

Ron Ingram, Chief Operating Officer and Director

Michael S. Aberant, CA. Director

Douglas C. Bachman, Director

PIPELINE CONSTRUCTION BOARD OF ADVISORS

Doug Watt, Project Manager. – Slave Lake Operations

Trevor King, General Manager – Wainwright Operations

Kurt Fletcher, Project Manager – Wainwright Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Marshall Rosichuk, CMA, Corporate Controller

Colette Dziwenka, Corporate Controller

Brenda Schwenk, Controller TKO

Wendy McKen, Controller AGG

Angela Hatt, Human Resources / Safety Coordinator

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