ENTERPRISE OILFIELD GROUP, INC.

For the fifteen month period ended December 31, 2007

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Enterprise Oilfield Group, Inc.

The management of Enterprise Oilfield Group, Inc. prepared these consolidated financial statements and is responsible for their reliability, completeness and integrity. They conform in all material aspects to Canadian generally accepted accounting principles.

Management maintains the necessary accounting and internal control systems to ensure: the timely production of reliable and accurate accounting information, the protection of assets (to a reasonable extent) against loss or unauthorized use, and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The auditors, appointed by the Audit Committee, conducted an audit of these consolidated financial statements in accordance with Canadian generally accepted auditing standards. The Audit Committee reviewed these financial statements with the auditors in detail before recommending their approval.

Edmonton, Alberta
March 27, 2008

Signed "Leonard D. Jaroszuk"
Leonard Jaroszuk, President, Chief Executive Officer

Hawkings Epp Dumont LLP

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AUDITOR'S REPORT

To the Shareholders of Enterprise Oil Limited

We have audited the consolidated balance sheets of Enterprise Oil Limited as at December 31, 2007 and September 30, 2006 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 December 31, 2007 and September 30, 2006 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

Edmonton, Alberta
March 19, 2008

HAWKINGS EPP DUMONT LLP
Chartered Accountants

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ENTERPRISE OILFIELD GROUP, INC.

Consolidated Balance Sheets

December 31, 2007

	Dec. 31, 2007	Sept. 30, 2006
Assets		
Current		
Cash and cash equivalents (note 4)	$ 509,909	$ 1,838,670
Accounts receivable	7,320,831	5,248,558
Income taxes refundable	171,212	-
Inventory (note 5)	1,006,327	661,693
Prepaid expenses	335,772	251,515
Future income taxes (note 12)	-	352,000
	9,344,051	8,352,436
Property, plant and equipment (note 6)	16,557,906	9,041,265
Goodwill (note 7)	15,107,935	6,941,574
Other intangible assets (note 8)	1,530,319	116,500
Portfolio investment (note 9)	102,515	100,000
	$ 42,642,726	$ 24,551,775
Liabilities and Shareholders' Equity		
Current		
Bank indebtedness (note 10)	$ 4,950,988	$ 1,490,000
Accounts payable and accrued liabilities	1,342,171	1,294,321
Income taxes payable	-	1,008,368
Current portion of long term debt (note 11)	3,088,036	1,644,029
	9,381,195	5,436,718
Long term debt (note 11)	4,993,846	3,398,244
Future income taxes (note 12)	261,645	333,000
	14,636,686	9,167,962
Shareholders' equity		
Share capital (note 13)	24,142,242	12,769,513
Warrants (note 13)	197,609	-
Contributed surplus (note 14)	638,298	416,534
Retained earnings	3,025,376	2,197,766
Other comprehensive income (note 9)	2,515	-
	28,006,040	15,383,813
	$ 42,642,726	$ 24,551,775

Commitments (note 16)

Approved on behalf of the Board:

____________________ "Leonard D. Jaroszuk" Director

____________________ "Ron Ingram" Director

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

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Statements of Income and Retained Earnings (Deficit)

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31, 2007	Twelve months Sept. 30, 2006
Revenue	**$ 47,296,907**	$ 32,282,333
Direct expenses (Schedule 1)	**36,031,478**	26,088,960
Gross margin	**11,265,429**	6,193,373
General and administrative expenses (Schedule 2)	**9,528,729**	3,091,344
Income from operations	**1,736,700**	3,102,029
Other income (expense) (Schedule 3)	**(344,111)**	305,952
Income before income tax	**1,392,589**	3,407,981
Income taxes (recovery) (note 12)		
Current	**(12,645)**	776,000
Future	**476,645**	(19,000)
	464,000	757,000
Net income	**928,589**	2,650,981
Retained earnings (deficit), beginning of period	**2,197,766**	(453,215)
Normal course issuer bid adjustment to retained earnings (note 13 (c))	**(100,979)**	-
Retained earnings, end of period	**$ 3,025,376**	$ 2,197,766
Earnings per share		
Basic earnings per share	**$ 0.03**	**$ 0.14**
Diluted earnings per share	**$ 0.03**	**$ 0.12**
Weighted average number of common shares outstanding		
Basic	34,850,995	19,133,611
Diluted	35,151,995	22,545,435

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

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Statements of Comprehensive Income

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31, 2007	Twelve months Sept. 30, 2006
Net income	**$ 928,589**	$ 2,650,981
Other comprehensive income:		
Change associated with portfolio investment, net of future income taxes (note 9)	**2,515**	-
Total comprehensive income	**$ 931,104**	$ 2,650,981

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

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Statements of Cash Flows

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31, 2007	Twelve months Sept. 30, 2006
Cash provided by (used for) the following:		
Operating activities		
Net income for the period	**$ 928,589**	$ 2,650,981
Items not affecting cash:		
Amortization of property, plant and equipment	**2,487,507**	809,894
Amortization of intangible assets	**173,000**	15,000
(Gain) Loss on sale of equipment	**582,624**	(11,873)
Stock-based compensation	**252,057**	314,584
Future income tax (recovery)	**476,645**	(19,000)
	4,900,422	3,759,586
Changes in non-cash working capital related to operating activities (Schedule 4)	**(2,796,342)**	(3,280,913)
	2,104,080	478,673
Financing activities		
Repayment of vendor debt	**(587,267)**	(587,267)
Proceeds from long term debt	**10,941,502**	3,068,958
Proceeds from issue of common shares, net of share issue costs	**10,043,066**	8,335,560
Financing costs	**(131,818)**	(131,500)
Repayment of long term debt	**(8,752,279)**	(996,998)
	11,513,204	9,688,753
Investing activities		
Purchase of property, plant and equipment	**(7,608,253)**	(4,936,582)
Proceeds on disposition of equipment	**1,219,120**	286,470
Acquisition of subsidiaries (note 3)	**(12,017,900)**	(5,003,202)
Purchase of portfolio investment (note 9)	**-**	(100,000)
	(18,407,033)	(9,753,314)
Increase (decrease) in cash and cash equivalents	**(4,789,749)**	414,112
Cash and cash equivalents (bank indebtedness), beginning of period	**348,670**	(65,442)
Cash and cash equivalents (bank indebtedness), end of period	**$ (4,441,079)**	$ 348,670
Supplementary information		
Interest paid	**$ 981,467**	$ 263,546
Income taxes paid	**1,137,184**	-
Cash and cash equivalents (bank indebtedness) consists of		
Cash	**$ 68,238**	$ 442,352
Term deposits	**441,671**	1,868,977
Bank indebtedness	**(4,950,988)**	(1,962,659)
	$ (4,441,079)	$ 348,670

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

1. Nature of operations

Enterprise Oilfield Group, Inc. ("Enterprise" or the "Company") was incorporated under the *Alberta Business Corporations Act* on March 23, 2004 and is publicly traded on the TSX Exchange under the symbol "E", effective August 13, 2007. The Company provides pipeline construction and directional drilling services to the energy and utilities industries in Western Canada. On May 23, 2007 the Company filed a Certificate of Amendment with the *Alberta Business Corporations Act* changing its name to Enterprise Oilfield Group, Inc. from Enterprise Oil Limited. The Company has changed its fiscal year end to December 31 from September 30 commencing with the fifteen month period ended December 31, 2007. There was no impact on the financial results reported for 2006.

2. Significant accounting policies

Basis of consolidation and preparation of consolidated financial statements

These consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Enterprise Energy Services Inc. ("EES") and Enterprise Pipeline Company Inc. ("EPC"). All significant inter-company accounts and transactions have been eliminated on consolidation.

Effective October 1, 2007, the Company completed an amalgamation of its subsidiary companies: A.G. Grant Construction Ltd. ("AGG"), Trevor King Oilfield Services Ltd. ("TKO"), T.C. Backhoe & Directional Drilling Inc. ("TCB") and ESI Management Inc. ("ESI") into EES. 1204757 Alberta Ltd. ("1204757") and EPC have also been amalgamated into EPC.

Cash and cash equivalents

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

New accounting standards and policies

Effective October 1, 2006, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook sections: 1530, *Comprehensive income*; 1651, *Foreign currency translation*; 3051, *Investments*; 3251, *Equity*; 3855, *Financial instruments - recognition and measurement*; 3861, *Financial instruments - presentation and disclosure*; and 3865, *Hedges*.

Comprehensive income and equity

On October 1, 2006, the Company prospectively adopted CICA Handbook sections 1530, *Comprehensive income* and 3251, *Equity*. Comprehensive income consists of net income and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. The Company's OCI consists of unrealized gains or losses and changes in fair value of available-for-sale financial assets specifically its portfolio investment in Samoth Oilfield Inc. OCI is presented net of related income taxes. OCI is presented as a new category of shareholders' equity in the consolidated statements of changes in shareholders' equity.

Adoption of this new accounting policy resulted in an adjustment to the carrying balance of the Company's investment of 400,000 common shares of Samoth Oilfield Inc. from its September 30, 2006 cost of $100,000 to its quoted market value of $104,000 with a corresponding adjustment to OCI of $2,515 (net of $1,485 in future income taxes).

The Company has not classified any financial asset as held-to-maturity. There was no adjustment required from the remeasurement of financial assets classified as loans and receivables and financial liabilities classified as other liabilities at amortized cost.

Financial instruments - recognition and measurement
On October 1, 2006, the Company prospectively adopted CICA Handbook section 3855, *Financial Instruments - recognition and measurement*. These new standards establish that all arm's length financial assets and financial liabilities must be initially recorded at fair value on the consolidated balance sheets. Subsequent measurement is determined by the classification of each financial asset and liability according to the following categories:

Financial instrument classification	**As classified by Enterprise**	**Subsequent measurement of gains or losses at each reporting period end**
• Assets or liabilities held for trading	• Cash and cash equivalents	• Fair value: unrealized gains and losses recognized in net income
• Available-for-sale financial assets	• Portfolio investment	• Fair value: unrealized gains and losses recognized in OCI; recognized in net income on the sale of the assets or when the asset is written down as impaired
• Loans and receivables	• Accounts receivable	• Amortized cost using the effective interest rate method; if the asset is derecognized or is impaired, recognized in net income
• Other financial liabilities	• Accounts payable and accrued liabilities	• Amortized cost using the effective interest rate method; if liability is derecognized, recognized in net income

For the Company, amortized cost generally corresponds to cost. Certain financial instruments are exempt from the standards, including obligations relating to stock-based compensation.

As at December 31, 2007, the Company has not identified any derivative instruments to which it is party. In the case of the recognition of a derivative instrument, the derivative instrument will be recorded on the consolidated balance sheets at fair value unless exempted from a derivative treatment as normal purchases and sales.

The Company accounts for regular purchases and sales of financial assets on the trade date, being the date on which the Company commits to buy or sell the asset. Transaction costs related to financial assets or financial liabilities classified as other than held-for-trading will be added to the initial carrying value of the financial asset or financial liability. Where transaction costs are related to available-for sale financial assets, they will be charged to OCI immediately after the capitalization as available-for sale assets are measured at fair value.

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Estimated fair values are designated to approximate amounts at which the financial instruments could be exchanged in a current transaction between willing parties. Fair value for instruments designated as available-for-sale is based on the closing price as of the financial statement date.

Hedges
On October 1, 2006, the Company prospectively adopted CICA Handbook section 3865, *Hedges*. The standard establishes when and how hedge accounting may be applied, as well as certain disclosure requirements. The standard specifies three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in self-sustaining foreign operations. Application of hedge accounting is optional. The Company does not use hedge instruments or hedge accounting.

Foreign currency translation
On October 1, 2006, the Company prospectively adopted CICA Handbook section 1651, *Foreign currency translation*. There was no effect on the Company's consolidated financial statements resulting from the adoption of the new accounting standard.

Accounting changes
The CICA issued section 1506 of the CICA Handbook, *Accounting changes*, which establishes criteria for changing accounting policies and describes how to apply changes in accounting policies, accounting estimates, and changes resulting from the correction of errors. These changes, including the related disclosure requirements, came into effect as of January 1, 2007 and did not impact the Company's consolidated financial statements.

Recent accounting pronouncements
Capital disclosures
The CICA issued a new accounting standard, Section 1535 *Capital disclosures*, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital. This new section is effective beginning January 1, 2008.

Financial Instruments - disclosure and financial instruments - presentation
Two new accounting standards were issued by the CICA, Section 3862 *Financial Instruments - Disclosures* and Section 3863 *Financial instruments - presentation*. These sections will replace Section 3861 *Financial instruments - disclosure and presentation* once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial statements on the entity's financial position and performance, the nature and extent of risks arising from financial statements, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial statements, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective beginning January 1, 2008.

Inventory
Supplies and parts 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 labour, direct materials and related variable and fixed overhead pertaining to the jobs in progress.

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
Computers 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 or 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.

Impairment of long-lived assets
Long-lived assets consist of property, plant and equipment. 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 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 in the period when the impairment is determined.

Goodwill
Goodwill represents the excess of purchase price over the fair market value of the net tangible and identifiable assets acquired, and 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.

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

Customer relationships are recorded at cost and amortized on a straight line basis over ten 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 basis 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 settled or recovered. 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
The Company uses the fair value 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 previously recognized in contributed surplus, are recorded in share capital.

The Company does not incorporate an estimated forfeiture rate for stock options that may not vest, but accounts for forfeiture as they occur.

Earnings per share
Basic earnings per share is calculated by dividing net income 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 from the exercise of share options and share purchase warrants that are in the money are used to purchase the Company's common shares at the average market price during the period.

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.

Measurement uncertainty
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 economic lives of property, plant and equipment, and intangible assets. Stock-based compensation expense is based on estimates of volatility, expected life of options granted 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.

Future income tax provisions and liabilities are estimated based on differences between accounting and taxable carrying values and the estimated tax rate and treatment will be applied when the differences are settled.

3. Business acquisitions

Trevor King Oilfield Services Ltd.
Effective, April 1, 2006, the Company acquired all of the issued and outstanding shares of Trevor King Oilfield Services Ltd. for consideration of $7.1 million to be paid as follows: $4.6 million in cash, vendor debt of $400,000 (note 11(b)) and $2.1 million by the issuance of 1,000,000 common shares of Enterprise.

1204757 Alberta Ltd.
The Company acquired all of the issued and outstanding shares of 1204757 Alberta Ltd. effective September 28, 2006 from a Company director for consideration of $0.4 million paid by cash. The land and buildings owned by 1204757 Alberta Ltd. are leased to to the Company at standard commercial terms.

T.C. Backhoe & Directional Drilling Inc.
Effective April 1, 2007, the Company acquired the business and assets of T.C. Backhoe & Directional Drilling Inc. ("TCB") for consideration of $14.2 million paid by $11,724,193 in cash, vendor debt of $1,000,000 (note 11(b)), by the issuance of 1,500,000 common shares of Enterprise at an attributable price of $0.80 per share and related acquisition costs of $293,707. Intangible assets acquired with the TCB acquisition consist of customer relationships of $1,455,000 that are being amortized on a straight line basis over their estimated useful life of ten years (note 8).

The acquisitions have been accounted for using the purchase method of accounting and the results of operations of these acquisitions are included in the consolidated financial statements from their respective acquisition date:

	TCB	TKO	1204757
Working capital (net)	$ 836,552	$ 146,725	$ -
Land and buildings	-	-	403,202
Property, plant and equipment	4,197,639	2,248,761	-
Goodwill and intangible assets	9,621,361	6,367,041	-
	14,655,552	**8,762,527**	**403,202**
Long term debt	437,652	1,702,527	-
Net assets acquired	**$14,217,900**	**$ 7,060,000**	**$ 403,202**
Consideration			
Cash	$11,724,193	$ 4,600,000	$ 400,000
Business acquisition costs	293,707	-	3,202
Common shares (note 13)	1,200,000	2,060,000	-
Vendor debt (note 11)	1,000,000	400,000	-
	$14,217,900	**$ 7,060,000**	**$ 403,202**

4. Cash and cash equivalents

Cash includes $441,671 held in term deposits bearing interest at 3.5% maturing on January 3, 2008 (2006 - $1,868,977 bore interest at 3.25% and matured on October 3, 2006).

5. Inventory

	Dec. 31, 2007	Sept. 30, 2006
Supplies and parts	**$ 562,108**	$ 238,159
Work in progress	**444,219**	423,534
	$1,006,327	$ 661,693

6. Property, plant and equipment

	Cost	Accumulated amortization	**Net book value Dec. 31, 2007**
Land	$ 250,000	$ -	**$ 250,000**
Buildings	542,366	22,633	**519,733**
Leasehold improvements	91,175	27,062	**64,113**
Computers and communication	102,559	34,071	**68,488**
Office furniture and equipment	234,610	71,727	**162,883**
Small tools and equipment	542,174	129,434	**412,740**
Light automotive equipment	2,122,120	640,381	**1,481,739**
Heavy automotive equipment	4,986,864	691,780	**4,295,084**
Construction equipment	10,474,763	1,171,637	**9,303,126**
	$ 19,346,631	**$ 2,788,725**	**$ 16,557,906**

	Cost	Accumulated amortization	Net book value Sept 30, 2006
Land	$ 250,000	$ -	$ 250,000
Buildings	246,842	22	246,820
Leasehold improvements	58,299	6,537	51,762
Computers and communication	46,128	8,024	38,104
Office furniture and equipment	160,176	19,676	140,500
Small tools and equipment	202,737	32,518	170,219
Light automotive equipment	1,322,562	163,367	1,159,195
Heavy automotive equipment	2,140,960	94,971	2,045,989
Construction equipment	5,283,186	344,510	4,938,676
	$ 9,710,890	$ 669,625	$ 9,041,265

7. Goodwill

	Dec. 31, 2007	Sept. 30, 2006
Pipeline construction	**$ 6,941,574**	$ 6,941,574
Directional drilling	**8,166,361**	-
	$ 15,107,935	$ 6,941,574

8. Other intangible assets

	Cost	Accumulated amortization	Net book value Dec. 31, 2007	Net book value Sept. 30, 2006
Deferred financing costs	$ 263,318	$ 78,874	**$ 184,444**	$ 116,500
Customer relationships	1,455,000	109,125	**1,345,875**	-
	$ 1,718,318	**$ 187,999**	**$ 1,530,319**	$ 116,500

The Company acquired total intangible assets of $1,455,000 representing customer relationships resulting from the acquisition of TCB (note 3).

9. Portfolio investment

	Dec. 31, 2007		Sept. 30, 2006	
	Cost	**Market**	Cost	Market
Samoth Oilfield Inc.				
400,000 common shares (2006- 400,000 common shares)	**$100,000**	**$102,515**	$100,000	$100,200

The Company has invested $100,000 in 400,000 common shares of Samoth Oilfield Inc. ("Samoth"), a public capital pool company, incorporated May 8, 2006. Samoth is controlled by directors and officers who exercise significant influence over Enterprise.

Due to the change in accounting policy described in note 2, the Company has, at Dec. 31, 2007, adjusted its carrying value of its investment in Samoth, to its quoted market value as at Dec. 31, 2007. The resulting unrealized gain of $4,000 net of $1,485 in future income tax has been recorded as a component of Other Comprehensive Income in the Consolidated Statements of Comprehensive Income.

10. Bank indebtedness

The Company has an authorized revolving line of credit as follows:

	Available	Outstanding
Enterprise Energy Services Inc.	$ 9,000,000	**$ 4,520,000**

The revolving demand loan bears interest at prime plus 0.50%. The loan 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 11 to the consolidated financial statements.

10. Bank indebtedness continued:

The Company has an additional revolving demand loan outstanding in the amount of $40,000 with an available amount of $200,000 bearing interest at prime plus 0.50%.

11. Long term debt

(a) 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 Dec. 31, 2007**		**Monthly Repayments**	**Maturity Date**
Loan 1	AGG and TKO	$	2,906,332	$	105,553	June, 2010
Loan 2	Capital line		778,141		37,703	November, 2009
Loan 5	Capital line		854,851		18,250	July, 2012
Loan 7	Capital line		22,710		625	May, 2011
Loan 8	Capital line		173,212		3,575	September ,2012
		$	**4,735,246**	**$**	**165,706**	

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

The Company has a capital line of credit available in the maximum amount of $2,500,000 to finance equipment acquisitions (loans 2, 5, 7, 8). The loans bear interest at prime plus 0.75% and are repayable in monthly blended payments over terms ranging from 24 to 48 months depending upon the age of the equipment financed. The Company has $671,086 available on its credit line as at Dec. 31, 2007 ($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 from all subsidiaries of Enterprise

The bank requires that the Company maintain certain covenants and restrictions at all times to support its indebtedness. The Company was in compliance with all financial covenants as at Dec. 31, 2007.

11. Long term debt continued:

(b) Vendor debt

The Company had non-interest bearing vendor debt of $nil at Dec. 31, 2007 (Sept. 30, 2006 - $187,267) repaid in full on July 23, 2007.

The Company had vendor debt resulting from the acquisition of the shares of TKO in the amount of $nil as at Dec. 31, 2007 (Sept. 30, 2006 - $400,000). The debt bore interest at prime plus 2%. The debt was paid in full on March 26, 2007.

The Company has vendor debt resulting from the acquisition of the operating assets of TCB of $1,000,000 as at Dec. 31, 2007 (Sept. 30, 2006 - $nil). The debt is non-interest bearing and is repayable in two annual installments of $500,000 on April 1, 2008 and 2009. No specific security has been issued.

(c) Equipment and automotive loans

The Company financed specific construction equipment with a total balance of $1,695,707 as at Dec. 31, 2007 (Sept. 30, 2006 - $282,718) bearing interest from 2.9% to 7.95%, with cumulative monthly payments of $62,421 maturing December, 2010. Specific construction equipment has been pledged as security.

The Company financed specific automotive vehicles and equipment with a total balance of $166,723 as at Dec. 31, 2007 (Sept. 30, 2006 - $71,951), bearing interest from 0% to 7.42% with cumulative blended monthly payments of $5,222, maturing June, 2012. Specific automotive vehicles and equipment have been pledged as security.

(d) Mortgages

The Company acquired buildings with mortgage balances of $484,206 as at Dec. 31, 2007 (Sept. 30, 2006 - $nil) bearing interest at prime plus 0.75%, with monthly payments of $4,875 maturing March, 2012. Specific buildings have been pledged as security.

Summary	Note	Dec. 31, 2007	Sept. 30, 2006
Bank loans	(a)	**$ 4,735,246**	$ 4,100,338
Vendor debt	(b)	**1,000,000**	587,267
Equipment and automotive loans	(c)	**1,862,430**	354,668
Mortgages	(d)	**484,206**	-
		8,081,882	5,042,273
Less: current portion		**(3,088,036)**	(1,644,029)
Long term portion		**$ 4,993,846**	$ 3,398,244

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

2008	2009	2010	2011	2012	Thereafter	Total
$3,088,036	$ 3,035,801	$ 1,158,512	$ 287,632	$ 183,019	$ 328,882	$ 8,081,882

12. Income taxes

The provision for income taxes recorded in the consolidated financial statements differs from the amount which would be obtained by applying the combined statutory income tax rate of approximately 32.12% (2006 - 32.80%) to the income before income taxes for the period as follows:

		Fifteen months ended Dec. 31, 2007		Twelve months ended Sept. 30, 2006
Current income tax rates		**32.12%**		32.80%
Expected income tax expense	**$**	**447,300**	$	1,117,818
Increase (decrease) in taxes resulting from:				
Stock-based compensation		**80,961**		103,404
Tax benefit from non-capital losses		**(75,303)**		(101,534)
Future taxes not previously recognized		**327**		(350,567)
Other		**10,715**		(12,121)
Actual income tax expense	**$**	**464,000**	$	757,000

The components of the future income tax liability (asset) are as follows:

		Fifteen months ended Dec. 31, 2007		Twelve months ended Sept. 30, 2006
Property, plant and equipment	**$**	**579,645**	$	292,700
Goodwill and customer relationships		**29,000**		(131,800)
Undeducted share issuance costs and financing fees		**(311,000)**		(179,900)
Non-capital losses		**(36,000)**		-
	$	**261,645**	$	(19,000)

13. Share capital

(a) Authorized and issued capital

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

	Dec. 31, 2007		Sept. 30, 2006	
	Shares	**Amount**	Shares	Amount
Shares outstanding, beginning of period	**25,405,700**	**$12,769,513**	11,841,200	$2,373,953
Share buy back	**(189,800)**	**(96,650)**	-	-
Private placements for cash	**13,354,000**	**10,000,500**	7,788,600	6,767,460
Shares issued for acquisition of TKO (note 3)	-	-	1,000,000	2,060,000
Shares issued for acquisition of TCB (note 3)	**1,500,000**	**1,200,000**	-	-
Warrants exercised	**1,217,000**	**912,750**	3,638,000	1,928,500
Stock options exercised	**160,000**	**101,000**	550,000	137,500
Agent options exercised	**2,300**	**1,725**	502,800	125,700
Fair value of exercised options (note 14)	-	**30,293**	-	-
Agent units exercised	-	-	43,700	32,775
Adjust warrants to fair market value	-	**(197,609)**	-	-
Agent warrants exercised	-	-	41,400	31,050
Share issue costs (net of $196,000 in future income tax)	-	**(579,280)**	-	(687,425)
Shares outstanding, end of period	**41,449,200**	**$24,142,242**	25,405,700	$12,769,513

(b) Escrowed shares

As at Dec. 31, 2007, the Company's transfer agent held $nil (Sept. 30, 2006 - 1,450,000) common shares subject to TSX Exchange escrow agreements.

(c) Normal course issuer bid

In October 2006, the Company received approval from the TSX Venture Exchange to repurchase up to 1,267,185 common shares at the market price at the time of acquisition beginning October 23, 2006 and ending October 23, 2007. During the fifteen month period ended December 31, 2007, a total of 189,800 common shares were purchased and cancelled at an average cost of $1.04 per common share. The aggregate cost of the common shares purchased and cancelled was $197,629, of which $96,650 was recorded as a charge against share capital for the average carrying value of the common shares, with the balance of $100,979 charged against retained earnings.

13. Share capital continued:

(d) Private placements

The Company completed three private placements as follows:

On November 21, 2005, the Company closed a brokered private placement consisting of 3,000,000 common shares at $0.50 and 3,000,000 warrants at $0.75, with 2,000,000 warrants expiring November 21, 2006 and 1,000,000 warrants expiring December 23, 2006. The agent was granted 46,000 units to purchase 46,000 common shares at $0.75, expiring November 26, 2006, and 46,000 warrants at $0.75, expiring December 23, 2006.

On February 22, 2006, the Company closed a brokered private placement consisting of 4,788,600 common shares at $1.10 for gross proceeds of $5,267,460 and 4,788,600 warrants at $1.50 expiring February 22, 2007. The agent received 478,860 units to purchase 478,860 common shares at $1.10, expiring November 26, 2006, and 478,860 warrants at $1.50, expiring February 22, 2007.

On March 29, 2007, the Company closed a brokered private placement consisting of 13,334,000 common shares at $0.75 for gross proceeds of $10,000,500 with 6,667,000 warrants at $1.00 expiring June 29, 2008. The agent received 933,380 warrants which are exercisable at $1.00, expiring June 29, 2008.

(e) Share purchase warrants

At Dec. 31, 2007, the Company had 7,600,380 outstanding warrants (5,267,460 at Sept. 30, 2006). On March 29, 2007, the Company issued 7,600,380 warrants as part of a private placement. The Black-Scholes option pricing model was used to determine the fair market value of the warrants using the following assumptions:

Expected term	15 months
Risk-free interest	2.83%
Expected dividends	nil
Expected volatility	26%

The warrants have been valued at $197,609. On February 22, 2007, 5,267,460 warrants expired unexercised.

13. Share capital continued:

(f) 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 on the day prior to the date of grant. On April 26, 2007, the stock option plan was amended to re-price 1,495,000 stock options previously issued at $1.45 - $1.80 to $0.82 per common share. There was no material financial statement impact.

The table below sets out the changes in stock options, with their weighted average prices, during the fifteen month period ended December 31, 2007:

	Dec. 31, 2007			Sept. 30, 2006		
	Number	**Weighted average exercise price**		Number	Weighted average exercise price	
Stock options, outstanding, beginning of period	**2,410,000**	**$**	**1.20**	980,000	$	0.25
Granted	1,330,000		0.82	1,980,000		0.72 - 2.06
Exercised	(160,000)		(0.69)	(550,000)		(0.25)
Expired	(90,000)		(0.82)	-		-
Stock options, outstanding, end of period	**3,490,000**	**$**	**0.74**	2,410,000	$	1.20
Exercisable stock options:						
Expiry date						
August 6, 2009	340,000	$	0.25	350,000	$	0.25
August 25, 2010	80,000		0.25	80,000		0.25
January 9, 2008	375,000		0.72	525,000		0.72
July 20, 2008	750,000		0.82	770,000		1.45
April 3, 2008	485,000		0.82	485,000		1.80
April 3, 2008	200,000		0.82	200,000		2.06
May 2, 2009	1,260,000		0.82	-		-
	3,490,000	**$**	**0.74**	2,410,000	$	1.20

The Company recorded stock-based compensation of $252,057 for the fifteen month period ended Dec. 31, 2007 (2006 - $314,584) relating to 1,330,000 stock options issued during the period which vested immediately and 770,000 options which vested January 20, 2007.

The weighted average fair value of options granted during the period was $0.12 (2006 - $0.18 per option) estimated using the Black-Scholes option pricing model, under the following assumptions:

	2007	**2006**
Expected term	2 years	1 -2 years
Risk-free interest	3.05%	2.18% - 2.78%
Expected dividends	nil	nil
Expected volatility	22%	20%

14. Contributed surplus		Dec. 31, 2007	Sept. 30, 2006
Balance, beginning of period	**$**	**416,534** $	101,950
Fair value of exercised options (note 13(a))		**(30,293)**	-
Stock-based compensation expense		**252,057**	314,584
Balance, end of period	**$**	**638,298** $	416,534

15. Related party transactions

The Company paid $56,000 for the fifteen month period ended Dec. 31, 2007 for premises rent for the Slave Lake Division to a company controlled by a director of the Company (2006 - $104,480).

The Company paid $58,500 for the fifteen month period ended Dec. 31, 2007 (2006 - $24,000) for premises rented from an employee of the Wainwright Division.

The Company paid $63,000 for the nine month period ended Dec. 31, 2007 (2006 - $nil) for premises rented from a subcontractor of the Sherwood Park Division.

The Company paid $487,211 (2006 - $223,500) to companies controlled by an officer and director of the Company and $30,000 (2006 - $133,415) to a company controlled by an officer for executive management services rendered in the normal course of business during the period. Also during the prior year, the Company acquired approximately $66,000 of office furniture and equipment from a director and officer.

The Company acquired all of the issued and outstanding shares of 1204757 Alberta Ltd. effective September 28, 2006 from a Company director for consideration of $400,000 (note 3).

These transactions were recorded at the amount established and agreed to by the parties based on standard commercial terms.

16. Commitments

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

2008	$	489,872
2009		369,126
2010		267,784
2011		120,000
2012		39,000
	$	1,285,782

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 accrued liabilities, 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.

Fair value

The carrying values of the financial instruments noted above approximate their fair values. The Company's investment in Samoth (note 9) is subject to market price and liquidity risk.

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 sixty months.

18. Comparative amounts

These comparative consolidated financial statements have been reclassified, where applicable to conform to the presentation used in the current period.

19. Segmented reporting

The Company provides pipeline construction and directional drilling services to the energy and utilities industries in Western Canada. The accounting policies of the segments are the same as those described in note 2. The Company eliminates sales and transfers between segments.

For the fifteen month period ended Dec. 31, 2007	**Pipeline Construction**	**Directional Drilling**	**Corporate**	**Total**
Revenue	**$ 33,671,783**	**$13,625,124**	**$ -**	**$ 47,296,907**
Gross margin	**4,064,667**	**7,200,762**	**-**	**11,265,429**
Property, plant and equipment	**12,424,004**	**3,973,369**	**160,533**	**16,557,906**

For the twelve month period ended Sept. 30, 2006	**Pipeline Construction**	**Directional Drilling**	**Corporate**	**Total**
Revenue	$ 32,228,333	$ -	$ -	$ 32,228,333
Gross margin	6,193,373	-	-	6,193,373
Property, plant and equipment	8,862,696	-	178,569	9,041,265

ENTERPRISE OILFIELD GROUP, INC.

Schedule 1

Consolidated Direct Expenses

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31 ,2007	Twelve months Sept. 30,2006
Employee wages and benefits	**$ 11,995,821**	$ 8,481,190
Trades and sub-contracts	**11,607,290**	11,283,644
Supplies	**4,938,293**	1,253,983
Fuel	**2,616,559**	1,669,797
Rentals	**2,203,871**	1,574,225
Repairs and maintenance	**1,674,819**	933,175
Camp and lodging	**857,021**	1,273,133
Freight	**158,489**	43,348
	36,052,163	26,512,495
Less: Work in progress adjustment	**(20,685)**	(423,535)
	$ 36,031,478	$ 26,088,960

ENTERPRISE OILFIELD GROUP, INC.

Schedule 2

Consolidated General and Administrative Expenses

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31, 2007	Twelve months Sept. 30,2006
Management/administrative salaries and fees	**$ 2,671,009**	$ 356,915
Amortization of property, plant and equipment	**2,487,507**	809,894
Professional fees	**818,034**	297,050
Insurance	**728,500**	218,316
Interest on long term debt	**549,057**	184,425
Office, travel and accommodation	**468,875**	283,676
Interest and bank charges	**432,410**	79,124
Rent and utilities	**314,725**	166,059
Advertising and promotion	**285,838**	121,312
Stock-based compensation	**252,057**	314,584
Telephone and communications	**211,141**	164,455
Amortization of intangible assets	**173,000**	15,000
Exchange and listing fees	**90,084**	51,833
Business taxes, licences and memberships	**46,492**	28,701
	$ 9,528,729	$ 3,091,344

ENTERPRISE OILFIELD GROUP, INC.

Schedule 3

Consolidated Other Income (Expense)

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31 ,2007	Twelve months Sept. 30,2006
Gain (loss) on sale of equipment	**$ (582,624)**	$ 11,873
Interest and other income	**238,513**	294,079
	$ (344,111)	$ 305,952

ENTERPRISE OILFIELD GROUP, INC.

Schedule 4

Consolidated Changes in Non-Cash Working Capital

For the fifteen month period ended December 31, 2007

	Fifteen months Dec. 31, 2007	Twelve months Sept. 30, 2006
Account receivable	**$ (2,072,273)**	$ (4,480,372)
Inventories	**491,918**	(661,693)
Prepaid expenses	**(84,257)**	(240,015)
Accounts payable and accrued liabilities	**47,850**	1,092,798
Income taxes payable	**(1,179,580)**	1,008,369
	$ (2,796,342)	$ (3,280,913)