ENTERPRISE

OILFIELD GROUP, INC.

Management's Discussion and Analysis ("MD&A")
For The Twelve Month Period Ended
December 31, 2008

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

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This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Enterprise Oilfield Group, Inc. (the "Company" and/or "Enterprise") for the twelve month period ended December 31, 2008. The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are expressed in Canadian dollars. This MD&A was prepared effective March 27, 2009.

The Company changed its fiscal year from September 30 to December 31, effective December 31, 2007. For purposes of this MD&A, comparisons are made to the three and fifteen months ended December 31, 2007. Information for the three and fifteen months ended December 31, 2007 have been provided as supplementary information to assist the reader, as it was not aligned with the Company's standard quarterly reporting period. Readers are advised to take these limitations into consideration when reviewing the comparative information for the three and fifteen months ended December 31, 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. Please review the "Forward-Looking Information" section of this MD&A.

Throughout this MD&A a certain measure has been used that is not a recognized measure under GAAP. The specific measure used is 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.

ENTERPRISE OILFIELD GROUP, INC.

COMPANY PROFILE

Enterprise Oilfield Group, Inc. (TSX Exchange: Symbol "E") is a growing company specializing in construction services provided to the energy and utility markets within Central and Northern Alberta. With office headquarters in St. Albert, Alberta, Canada, a sales office in Calgary, Alberta, construction offices in Slave Lake, Wainwright, Sherwood Park and Peace River, Alberta, and field offices in Wabasca, Red Earth and Fox Creek, 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 energy and construction services, and utility and directional drilling services sectors throughout Northern, Central and Western Alberta regions.

Industry and Markets

Enterprise provides construction services including pipeline construction, repairs and maintenance, wellhead tie-ins, water injection lines, facilities construction, oilfield hauling, directional drilling and installation of underground utility infrastructure. Enterprise's customers include some of the Canada's largest energy producers, telecommunication providers and utility service providers.

Enterprise constructs pipelines throughout Northern and Central Alberta, with a growing asset base of approximately $20 million, including a fleet of over 260 trucks and heavy construction equipment. Our major projects relate to the construction of pipeline which include up to 12" diameter steel pipe. We have the equipment and expertise to undertake a project from start to finish. 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 energy production customers 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.

Our services provided to utility and telecommunication customers are provided more evenly throughout the year but the spring quarter is also the slowest quarter of the year.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

($000's except per share amounts)	Twelve months ended Dec. 31, 2008	Fifteen months ended Dec. 31, 2007	Twelve months ended Sep. 30, 2006
Revenue	$39,762	$47,297	$32,282
EBITDAS	5,197	5,869	4,799
Net income (loss)	(12,269)	929	2,651
Basic earnings (loss) per share	$(0.30)	$0.03	$0.14
Diluted earnings (loss) per share	$(0.30)	$0.03	$0.12
Weighted average common shares outstanding – basic	41,637	34,851	19,134
Weighted average common shares outstanding – diluted	41,739	35,152	22,545
Total common shares outstanding	42,302	41,449	25,406
Total Assets	$29,762	$42,644	$24,552
Total Liabilities	$13,893	$14,638	$9,168
Shareholders' Equity	$15,868	$28,006	$15,384

EBITDAS (earnings before interest, taxes, depreciation, amortization and stock-based compensation) is not a recognized measure under Canadian generally accepted accounting principles (GAAP) and therefore is unlikely to be comparable to similar measures presented by other companies. Accordingly, EBITDAS is 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, EBITDAS is useful supplemental financial measures of the Company's operating results, which assist investors' understanding of the level of Enterprise's 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 earnings.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The Company changed its fiscal year end to December 31 from September 30 commencing with the fifteen month period ended December 31, 2007.

In 2008, the Enterprise Oilfield Group realized revenue of $39.8 million for the 12 months ended December 31, 2008 versus $47.3 million for the 15 month period ended December 31, 2007. For the three months ended December 31, 2008, the Company's revenue increased by 11.4% to $11.7 million compared to $10.5 million for the same period in the prior year. The revenue for the year ended December 31, 2008 dropped by $2.8 million, 6.6%, when compared to the last four quarters of 2007. This drop in revenue is attributed to the first quarter of 2008 which had less than anticipated projects in the industry. The Company had EBITDAS of $5.2 million and a net loss of $12.3 million during the twelve month period ended December 31, 2008 compared to EBITDAS of $5.9 million and net earnings of $0.9 million for the fifteen month period ended December 31, 2007. Enterprise had EBITDAS of $1.0 million and a loss of $13.6 million during the three month period ended December 31, 2008 compared to EBITDAS of $1.4 million and a loss of $0.5 million for the three month period ended December 31, 2007. Earnings in 2008 were negatively impacted by the write down of $15.1 million of goodwill due to impairment charges. This write down of goodwill is non-cash in nature and does not affect our liquidity or cash provided by operating activities and will not impact future operations. Excluding the goodwill write down and the income tax related there to, the Company generated net income for the year of $1.1 million in 2008 compared to net income of $0.9 million in 2007.

The Company purchased several pieces of new equipment and sold off older equipment in order to maintain a newer, more efficient and cost effective fleet. The new equipment purchases for 2008 totaled $584 thousand, which was offset by $540 thousand in proceeds from the sale of the old equipment. In

addition to updating our fleet of equipment, we continued with our aggressive repayment plan of our long term debt, repaying $3.4 million while adding no significant new debt to our balance sheet.

The table below illustrates the effect of goodwill impairment charges had on the financial statements

	Twelve months ended Dec. 31, 2008			Fifteen months ended Dec. 31, 2007
($000's except per share amounts)	Per Financial Statements	Goodwill Impairment	Before Goodwill Impairment	Per Financial statements
Net income (loss) before tax	$(13,587)	$15,108	$1,521	$1,393
Income taxes	(1,318)	1,754	436	464
Net income (loss)	(12,269)	13,354	1,085	929
Basic earnings (loss) per share	$(0.30)	$0.32	$0.02	$0.03
Diluted earnings (loss) per share	$(0.30)	$0.32	$0.02	$0.03

Gross margin

In 2008, Enterprise saw an increase in gross margin compared to 2007 and 2006. For the twelve month period ending December 31, 2008 gross margin increased to 25.3% from 23.8% for the 15 months ended December 31, 2007 and 18.5% for the 15 months ended in 2006. The growth in gross margin during 2 very difficult years for the energy services industry is evidence that the corporate goals of increasing customer service, updating the equipment fleet, hiring the best field staff and cutting costs through economies of scale are working. Our equipment is more efficient, we are able to perform more work using in-house staff, relying less on subcontractors, and we are continuing to strengthen our relationships with our customers and suppliers. All of which lead to increased margins in a challenging environment.

Selected Consolidated Expenses

A summary of selected financial information pertaining to consolidated expenses is set out below:

Selected Consolidated Expenses ($000's)	Three months ended Dec. 31, 2008	Three months ended Dec. 31, 2007	Twelve months ended Dec. 31, 2008	Fifteen months ended Dec. 31, 2007
Amortization	$749	$678	$2,572	$2,660
Management/administrative salaries and fees	806	571	3,049	3,223
Professional fees	75	74	123	266
Interest on long-term debt	81	144	396	549
Insurance	139	161	529	729

Management/administrative salaries and fees include those expenses associated with the operations of the Company's head office and branch office management. Professional fees include TSX listing fees and other fees associated with the audit and evaluation of prospective acquisitions.

The Company's amortization expense for the twelve months ended December 31, 2008 was $2.6 million, a decrease from $2.7 million for the fifteen months ended December 31, 2007. As a percentage of revenue, amortization increased to 6.5% in 2008 from 5.6% in 2007. The increase is due to the continual upgrading our equipment fleet, as well as a full year of amortization expense at TC Backhoe, a subsidiary that was acquired in April, 2007.

Management/administrative salaries and fees were $3.0 million for the 12 months ended December 31, 2008 compared to $3.2 million for the fifteen months ended December 31, 2007. As a percentage of

revenue, these expenses were 7.7% compared to 6.8%. This increase is due to hiring additional marketing personnel and a full year of management and administrative salaries and fees at TC Backhoe.

Interest on long term debt in 2008 was $396 thousand compared to $549 thousand in 2007. As a percentage of revenue, interest on long term debt in 2008 was 1.0% compared to 1.2% in 2007. This decrease was due to the Company's aggressive repayment plan resulting in less long term debt outstanding on which interest is charged.

Professional fees for the twelve months ended December 31, 2008 was $123 thousand compared to $266 thousand for the fifteen months ended December 31, 2007, a decrease of $143 thousand. In 2007, additional professional fees were incurred due to the Company's graduation to the TSX exchange, and the acquisition of TC Backhoe.

Goodwill Impairment

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, less liabilities assumed, based on their fair values at the date of acquisition. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the business combination.

Goodwill is not amortized but is tested for impairment annually, or more frequently, if events in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compare with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of impairment loss, if any. The fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination as described in the preceding paragraph, using the fair value of the reporting unit as if it was the purchase price. If the fair value is less than the book value of the existing goodwill, an impairment write-down is booked.

In conducting its annual review of goodwill impairment, management took into consideration the continuing deterioration of overall economic conditions, and changes in the financial markets that resulted in our market capitalization being substantially lower than the carrying value. As a result the Company recognized an impairment loss of $15.1 million at December 31, 2008. This impairment loss was non-cash in nature and does not affect our liquidity or cash provided by operating activities, and will not impact future operations.

ENTERPRISE OILFIELD GROUP, INC.

Cash flow Information

A summary of cash flow information for the three and twelve month periods ended December 31, 2008 and three and fifteen month periods ended December 31, 2007 is set out below:

Cash Flow Information ($000's)	**Three months ended Dec. 31, 2008**	**Three months ended Dec. 31, 2007**	**Twelve months ended Dec. 31, 2008**	**Fifteen months ended Dec. 31, 2007**
Cash provided by (used in) operating activities:				
Net income (loss) and non-cash items	$1,023	$1,269	$4,639	$4,900
Changes in non-cash working capital	(2,549)	490	(2,787)	(2,796)
Cash provided by (used in) operating activities	(1,526)	1,759	1,852	2,104
Investing	131	244	(44)	(11,819)
Financing	1,534	(1,952)	(1,711)	7,914
Increase (decrease) in cash	139	51	97	(1,801)
Cash and cash equivalents – beginning of period	468	459	510	2,311
Cash and cash equivalents – end of period	607	510	607	510

Financial Statistics and Ratios	**Three months ended Dec. 31, 2008**	**Three months ended Dec. 31, 2007**	**Twelve months ended Dec. 31, 2008**	**Fifteen months ended Dec. 31, 2007**
Gross margin as a percentage of revenue	20.5%	23.1%	25.3%	23.8%
Net income (loss) as a percentage of revenue	(116.5)%	(4.6)%	(30.9)%	2.0%
EBITDAS as a percentage of revenue	8.7%	13.5%	13.1%	12.4%

OTHER SIGNIFICANT EVENTS DURING THE PERIOD ENDED DECEMBER 31, 2008

Normal Course Issuer Bid

In July 2008, the Company received approval from the TSX to repurchase up to 1,000,000 common shares at market price beginning July 21, 2008 and ending July 20, 2009 During the twelve month period ended December 31, 2008, the Company has acquired for cancellation 417,500 common shares at an average cost of $0.16 per common share.

Private Placement

On October 31, 2008, the Company completed a non-brokered private placement consisting of 1,200,000 units at $0.17 per unit for gross proceeds of $204,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant exercisable at $0.25 per common share purchase warrant. The common share purchase warrants vest on May 1, 2009, and expire Oct. 31, 2009. The private placement was with a company controlled by a director of the Company.

SUMMARY OF QUARTERLY RESULTS

	Summary of Quarterly Results ($000's except per share amounts)										
	Mar. 31, 2008	**June 30, 2008**	**Sept. 30, 2008**	**Dec.31, 2008**	**Total**	**Dec 31, 2006**	**Mar. 31, 2007**	**June 30, 2007**	**Sept. 30, 2007**	**Dec.31, 2007**	**Total**
Revenue	$12,661	$6,752	$8,683	$11,666	$39,762	$4,737	$18,843	$4,762	$8,481	$10,474	$47,297
Net Income (loss)	1,856	(1,117)	588	(13,597)	(12,270)	(584)	2,118	(998)	878	(485)	929
Earnings (loss) per share - Basic	$0.04	$(0.03)	$0.01	$(0.32)	$(0.30)	$(0.02)	$0.08	$(0.02)	$0.02	$(0.01)	$0.03
Earnings (loss) per share - Diluted	$0.04	$(0.03)	$0.01	$(0.32)	$(0.30)	$(0.02)	$0.07	$(0.02)	$0.02	$(0.01)	$0.03

Quarterly information is discussed in the "Overall Performance and Results of Operations" section of this MD&A.

OUTSTANDING SHARE DATA

	Mar. 27, 2009	**Dec. 31, 2008**	**Dec. 31, 2007**
Common shares outstanding	42,191,700	42,301,700	41,449,200
Stock options outstanding	3,970,000	3,970,000	3,490,000
Warrants outstanding	1,200,000	1,200,000	7,600,380
Total	47,361,700	47,471,700	52,539,580

OFF-BALANCE SHEET ARRANGEMENTS

Enterprise enters into short term and long term operating leases with various vendors to provide office space and equipment in our normal course of operations. Our commitments under operating leases are disclosed in the table labeled contractual obligations. Enterprise does not have any other off balance sheet arrangements as at December 31, 2008.

RELATED PARTY TRANSACTIONS

The Company paid $48,000 for the twelve month period ended December 31, 2008 (fifteen month period ended December 31, 2007 - $56,000) for premises rented for the Company's office in Slave Lake and $4,500 for the twelve month period ended December 31, 2008 (fifteen month period ended December 31, 2007 - $nil) for director fees to a company controlled by a director of the Company.

The Company paid $575,000 for the twelve month period ended December 31, 2008 (fifteen month period ended December 31, 2007 - $412,211) to companies controlled by a director of the Company, and $30,000 for the twelve month period ended December 31, 2008 (fifteen month period ended December 31, 2007 - $30,000) to a company controlled by an officer for executive management services.

The Company paid $14,250 in total for the twelve month period ended December 31, 2008 to other directors of the Company (fifteen month period ended December 31, 2007 - $nil) for director fees.

These transactions were recorded at the exchange amount established and agreed to by the parties based on standard commercial terms. All transactions were rendered in the normal course of business during the period.

OUTLOOK

Management believes the long term outlook for its construction services including pipeline construction, repairs and maintenance, facilities construction, oilfield hauling, directional drilling and installation of underground utility infrastructure remains positive.

In 2008 Enterprise maintained positive results in the face of volatile commodity prices. Global financial and economic turmoil has added to near-term uncertainty for commodity prices. Weaker commodity prices have however, been buffered to a large extent by the devaluation of the Canadian dollar relative to the US dollar. Continuing credit market instability will likely adversely affect the energy industry during 2009.

In response to these challenging times, we have stepped up our marketing strategy, increasing our marketing team and turning corporate attention towards marketing all aspect of the organization. Our marketing strategy has been and continues to be directed towards producers whose assets are located in western Canada and are oil weighted.

Enterprise has a history of success due to the commitment of its field staff to provide excellent service to its customers regardless of industry conditions, and the commitment of its management to prudent financial management. Consequently, Enterprise will continue to actively pursue opportunities to enter new geographic territories and make strategic acquisitions. While the Company is uncertain of near-term movements in the financial markets, we are well-positioned to continue generating positive growth relative to our peers.

The Company's goal is to increase the level of customer service with the best and safest practices, the newest equipment and the best field staff. The plan is working with continued success. Enterprise purchased several pieces of new equipment and sold off older equipment in order to maintain a newer, more efficient and cost effective fleet.

The Company's expansion into the Peace River area in late 2008 opened the door to very profitable year round infrastructure and facilities maintenance opportunities, smoothing out the cyclical effects of the traditional pipeline industry. As well, Peace River holds tremendous potential for pipeline services work due to significant heavy oil production in the area.

Management has recognized the need for cash management measures, and has conducted an in-depth review of its operations. As a result we have identified underperforming assets and streamlined our operations, including downsizing our Wainwright location, not renewing a costly lease, laying off all non-essential personnel at that location and centralizing the administrative functions to our head office. This will result in a decrease of over $1 million in costs associated with the Wainwright operation. Going forward into 2009, all costs for the Wainwright operation will be job related costs that will be offset by revenues marked up with a targeted gross margin.

For 2009, we have implemented a wage freeze throughout our organization leading to stabilized gross margins. Other cost saving measures the Company is currently exploring include, reviewing our G&A expenses for potential savings and centralizing our repair and maintenance facilities with our equipment yard and corporate staff.

Conclusion

With the current economic challenges, we expect 2009 to be a difficult year for the industry. Enterprise however, is positioned well due to the diversity of its business and strong operational performance.

Management believes that balanced and diversified positions in pipeline construction services and utilities and direction drilling services in both the infrastructure and energy services sectors are the best path to generating shareholder value. Enterprise's customers include some of the Canada's largest energy producers, telecommunication providers and utility service providers. The Company hired additional

management experienced in infrastructure projects to spearhead more civic-related construction and maintenance as there are inherent synergies in the equipment, crews and services provided.

Enterprise expects to continue distancing itself from its peers by delivering profits in a challenging operating environment. Over the last few quarters, Enterprise's competitive landscape has shrunk with some competing companies choosing to cease operations and exit the industry, while others were forced to file for creditor protection. Our Company will continue to exercise fiscal and operational prudence.

Enterprise remains confident in its strategic and operational plans and has a seasoned leadership team to guide the Company. Enterprise is committed to the further expansion of its customer base in central and northern Alberta and strives to provide excellent customer service. Management is excited about Enterprise's future prospects.

In 2008 we continued with our aggressive repayment plan of our long term debt, repaying $3.4 million while adding no significant new debt to our balance sheet. The company purchased $584 thousand of new equipment that was largely paid for by the proceeds on disposal of older or underutilized equipment. This has resulted in a newer more efficient fleet of equipment allowing for increased margins and a stronger balance sheet going into 2009.

Our overall outlook for 2009 is cautionary but positive. It will be a difficult year for our industry, however with the diversification of our construction services, combined with focus of streamlining operations and updating our equipment fleet and our cash management measures, Enterprise is well positioned operationally and financially for continued growth in 2009.

Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from the prior periods. Management considers its capital structure to include all related debt and equity of the Company.

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

- to provide an adequate return to shareholders by pricing services commensurately with the level of risk, and

- to finance its operations and growth strategies

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents, accounts payable and accrued liabilities, and future income taxes. Adjusted capital comprises all components of equity (ie. share capital, contributed surplus, warrants and retained earnings) other than amounts in accumulated other comprehensive income relating to the portfolio investment, and includes subordinated debt.

	Dec. 31, 2008	Dec. 31, 2007
Total debt	$13,893,310	$14,638,171
Less: cash and cash equivalents	(607,286)	(509,909)
Less: Accounts payable and accrued liabilities	(1,909,814)	(1,342,171)
Less: Future income taxes	nil	(263,130)
Net debt	11,376,210	12,522,961
Total equity	15,868,444	28,006,040
Add: subordinated debt instruments	500,000	1,000,000
Add: amounts in accumulated other comprehensive income (loss) relating to portfolio investment	(54,000)	2,515
Adjusted capital	16,314,444	29,008,555
Debt-to-adjusted capital ratio	0.70	0.43

The increase in the debt-to-adjusted capital ratio during 2008 resulted primarily from the write-off of goodwill which was offset by the reduction in net debt that occurred on the sale of property, plant and equipment, as well as the accelerated long-term debt repayment schedule.

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.

Financial Instruments and Business Risks

The Company holds various forms of financial instruments. Financial instruments consist of the Company's cash and cash equivalents, portfolio investment, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and long term debt. The nature of these instruments and the manner in which the Company operates exposes the Company to interest rate, credit and fair value risk.

The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

The Company's primary activities revolve around providing construction services to energy and utility markets in Central and Northern Alberta. The demand, price and terms of these services are dependent on the level of activity in the industry, which in turn depends on several other factors.

Interest Rate Risk

The Company's short-term borrowings are based on floating rates and are subject to interest rate cash flow risk as the required cash flows to service the debt will fluctuate with changes in market rates. Interest on fixed rate debt varies between 0.00 % and 9.98%.

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 not more than sixty months. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate would impact the Company's annual interest expense by approximately $80,500 and has determined that the effect on annual interest expense would be minimal. The Company has not entered into any derivative agreements to mitigate this risk.

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. This risk is elevated in the current year due to the impact of the current credit market and economy on its customers. The Company's maximum exposure is the value of its accounts receivable. However, to mitigate this risk the Company regularly reviews customer credit limits.

The Company has accounts receivable from customers in the oil and gas industry as well as the utilities and infrastructure industry. Credit risk is mitigated due to the Company's significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. Included in accounts receivable at December 31, 2008 was $2,512,566 and $3,327,738 or 23% and 30% of total accounts receivable respectively owing from two customers due to significant contract in progress at December 31, 2008. The Company's exposure to credit risk in this area as at December 31, 2008 was as follows:

	Total	**Current 1 – 90 days**	**91 + days**
Accounts Receivable	$10,916,390	$9,722,363	1,194,027

All of the Company's cash is held at one institution and as a result the Company has concentration of credit risk.

Fair Value Risk
The carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities approximate their fair values due to the short term maturity of these instruments. The fair value of long term-debt approximates its carrying value as the interest rates on these instruments do not differ significantly from current market rates. The Company's portfolio investment is subject to market price and liquidity risk.

Liquidity Risk and Capital Resources
Liquidity risk is defined as the risk associated with the Company not being able to meet its financial obligations as they come due. The Company manages liquidity risk to ensure it has sufficient cash and credit facilities to meet its obligations under both normal and adverse conditions by managing net working capital, monitoring cash flow requirements and maintaining flexibility with its line of credits.

The Company has working capital of $1,108,800 as at December 31, 2008 (December 31, 2007 - working capital of $147,299).

Accounts payable and accrued liabilities as at December 31, 2008 totaled $1,909,814 which is payable within 30-45 days.

The Company has an authorized revolving line of credit available of $9,000,000 of which $7,350,000 was available based on margins as at December 31, 2008 and $5,190,000 outstanding as at December 31, 2008. The revolving demand loan bears interest at prime plus 0.75% (4.25% at December 31, 2008).

The Company has a capital line of credit available in the maximum amount of $2,500,000 to finance equipment acquisitions. The various loans bear interest at prime plus 1% (4.5% at December 31, 2008) and are repayable in monthly blended payments over terms ranging from 24 to 48 months. The Company has $990,117 available on its capital line of credit as at December 31, 2008.

The Company's estimated principal repayments over the next twelve months are $3,249,975. The Company anticipates that its current cash resources will be sufficient to meet all anticipated obligations throughout the next fiscal year.

The Company's contractual obligations are as follows:

Contractual Obligations	Total	2009	2010	2011	2012	2013	After 5 years
Long-term debt including capital leases	$5,456,596	$3,249,975	$1,246,968	$435,595	$200,546	$83,208	$240,304
Operating leases	1,589,032	1,026,359	344,804	178,120	39,749	nil	nil
Total	$7,045,628	$4,276,634	$1,591,722	$613,715	$240,295	$83,208	$240,304

Financial Statistics and Ratios	Dec. 31, 2008	Dec. 31, 2007
Working capital ratio (1)	1.09:1	1.02:1
Total funded debt to capitalization (2)	0.47:1	0.54:1
Net capital assets to long-term debt	2.71:1	2.05:1

(1) Working capital is current assets less current liabilities

(2) Capitalization includes funded debt, subordinated debt and shareholders' equity

Other Risks

Other risks include:

- Commodity pricing – Fluctuation in the price of petroleum products is a business risk that impacts the Company directly. Oil and gas prices determine the economic feasibility of exploration and drilling activity in the oil and gas industry, to which the Company provides its services. High prices increase demand for the Company's services, while adverse or lower prices impact the Company's ability to generate revenues.

- Production declines and new discoveries – New discoveries of oil and gas reserves lead to an increase in the demand for the Company's services. On the other hand, declines in production result in decreased demands for the Company's services. Either situation directly impacts the operating results of the Company.

- Access to capital – The Company is dependent on access to equity or debt financing to fund capital expansion programs when operating cash flows are not sufficient to do so. To date, sufficient capital has been obtained to meet the Company's capital expansion and acquisition requirements. Any further capital expansion or acquisitions that cannot be funded through operating cash flows will require external financing, the availability of which is dependent on economic factors such as interest rates, investor and creditor confidence, and industry profitability.

- Weather – The Company operates heavy equipment, the movement of which requires reasonable weather and road conditions. In the spring season this is especially true, with spring breakup making many secondary roads impassable. Since heavy equipment cannot be moved under these conditions, the Company's operating results are subject to significant decreases during this time period. To mitigate this risk, the Company is diversifying its operations to other industries enabling the Company to perform services elsewhere during the spring.

- Available workforce – The ability to perform services is contingent upon sufficient and appropriately skilled staff being available. Obtaining personnel is crucial to the Company's ability to meet demand for its services.

- Recession Risk – Should the current challenging economic environment slide into a deep recession, demand for the Company's services would be reduced and have a negative impact on revenues and earnings. This would result in the company implementing cost control measures and possibly expanding its services into other industries in order to manage through the recession. Management has already implemented some cost cutting measures and is currently reviewing other area for possible cost savings. In addition, due to the Company's aggressive repayment plan on long term debt, Enterprise is not heavily leveraged, limiting the Company's exposure.

- Cyclicality – The Company has a significant portion of its revenues tied directly to oil and gas pipeline construction industry in Western Canada. These revenues are subject to any cyclicality of the industry. To mitigate this risk the Company has diversified its revenue stream to include pipeline maintenance and directional drilling and installation of underground utility infrastructure, both of which are less seasonal than pipeline construction.

- Insurance – The Company believes it's the insurance coverage it has in place is appropriate for the nature of its services provided and its associated risks, however such coverage may not be adequate. To mitigate this risk, management reviews the companies insurance coverage on a regular basis.

- Competition – The Company's ability to provide cost-effective, quality service to its customers is essential to help mitigate the Company's business risk of competition.

A change in any one of these factors could have a material impact on the financial performance of the Company. The above discussion of risks is not intended to be all-inclusive. The intention of the discussion is to highlight for the reader what are typical risks for this industry.

CRITICAL ACCOUNTING ESTIMATES

Preparation of consolidated financial statements requires assumptions regarding accounting estimates for certain amounts contained within the consolidated financial statements. The Company believes that each assumption and estimate is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results.

Significant accounting estimates applied in 2008 are as follows:

Useful Lives of Intangible Assets and Property, Plant and Equipment

Enterprise amortizes intangible assets and property, plant and equipment based upon estimated useful lives. The Company reviews historical experience with similar assets to help ensure these amortization rates are appropriate. However, the actual useful life of the assets may differ from our original estimate due to factors such as technological obsolescence and level of maintenance activity. Enterprise assesses the estimated useful lives of these assists on an annual basis to ensure they match the anticipated life of the asset from a revenue producing perspective. If the company determines that the useful life of an asset is different from the original assessment, changes to amortization will be applied prospectively.

Fair Value of Assets and Liabilities Acquired in Business Combinations

The value of acquired assets and liabilities on the acquisition date require the use of estimates to determine the purchase price allocation. Estimates are made as to the valuation of property, plant and equipment, intangible assets, and goodwill, among other items.

Asset Impairment

Enterprise assesses goodwill for impairment annually. This assessment includes a comparison of the carrying value to the estimated fair value to ensure that the fair value is greater than the carrying value. The estimated fair value is arrived at using valuation methods such as discounted cash flow analysis. These valuation methods employ a variety of assumptions, including future revenue growth and expected earnings. Estimating fair value is a subjective process and requires the use of the Company's best estimates. If estimates or assumptions change from those used in current valuations, the Company may be required to recognize an impairment loss in future periods.

Enterprise assess the carrying value of long-lived assets, which include property, plant and equipment and intangible assets subject to amortization, for indications of impairment when events or circumstances indicate that the carrying amounts may not be recoverable from estimated future cash flows. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future.

Fair Value of Options and Warrants Issued

The fair value of options and warrants issued is estimated using the Black-Scholes option pricing model with assumptions that include: expected life, volatility, and the risk-free interest rate. Changes in these assumptions could materially affect the measure of estimated fair value of the options and warrants.

Taxation Amounts

Income tax provisions, including current and future income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations and judgments as to their interpretation and application to a specific situation. Therefore, it is possible that the ultimate value of tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on the consolidated financial statements.

The recognition of a future income tax asset is also based on estimates of whether the Company is "more likely than not" to realize these assets. Changes in these estimates could materially impact net income and the future income tax asset recognized.

ADOPTION OF NEW ACCOUNTING POLICIES

Capital Disclosures
On January 1, 2008, the Company adopted CICA Handbook 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.

Inventories
On January 1, 2008, the Company adopted the CICA Handbook Section 3031 Inventories, which establishes that inventories should be measured at the lower of cost and net realizable value, and also provides guidance on the issues of cost determination and inventory related disclosures. This new standard had no material impact on the consolidated financial statements.

Financial Instruments – Disclosures and Presentation
On January 1, 2008, the Company adopted CICA Handbook Sections 3862 Financial Instruments - disclosures and 3863 Financials instruments – presentation. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial instruments on the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how the entity manages those risks. The disclosure requirements under this new section have been incorporated into the Company's financial statements. The provisions of Section 3863 deal with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This new standard had no impact on the presentation of the Company's financial statements.

Going Concern
On January 1, 2008, the Company adopted the amended CICA Handbook Section 1400 General standards of financial statement presentation. This section was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The adoption of this Section had no impact on the presentation of the Company's financial statements.

Goodwill and Intangible Assets
The CICA issued a new standard, Section 3064 Goodwill and intangible assets. Standards concerning goodwill are unchanged from the previous Handbook Section 3062, however, this new section provides guidance for the treatment of preproduction and start up costs and requires these costs be expensed as incurred. This new section is effective for fiscal years beginning on or after October 1, 2008. The adoption of this standard will have no impact on the Company's financial statements.

Recent Accounting Pronouncements Issued but not yet Adopted

International Financial Reporting Standards
February 2008 the Canadian Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS) would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011, and the Company will implement it as at January 1, 2011. The AcSB also stated that, during the transition period, enterprises will be required to provide comparative figures in accordance with IFRS. The IFRS will require additional financial statement disclosures and, while the organization's conceptual framework is similar to GAAP, companies will have to take into account differences in accounting principles. The Company is currently evaluating the impact of adopting IFRS on the consolidated financial statements. The Company is currently implementing a program, and accordingly has started the training and the analysis.

INTERNAL CONTROLS OVER DISCLOSURE AND FINANCIAL REPORTING

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, have established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to it in a timely manner, particularly during the period in which the annual and quarterly filings were being prepared. Management has evaluated the effectiveness of the Company's disclosure controls and procedures. The evaluation included documented review, enquiries and observation of the process and control performance. Based upon this evaluation, management believes the Company's disclosure and controls procedures, as defined in Multilateral Instrument 52-109, to be effective in providing such reasonable assurances as at December 31, 2008.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer, together with other members of management, have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with GAAP. The control framework used to evaluate the Company's internal controls over financial reporting is issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") It should be noted, that the Company's control system, no matter how well designed, can provide only reasonable, but not absolute, assurance of detecting, preventing, and deterring errors or fraud. During the year ended December 31, 2008, no changes were made to internal controls over financial reporting that would have materially affected, or would likely materially affect, such controls.

NON-GAAP MEASURES

In addition to using financial measures prescribed by GAAP, certain non-GAAP measures are also used in this MD&A. This non-GAAP measure is "EBITDAS".

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

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

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 EBITDAS may differ from the methods used by other issuers and, accordingly, the Company's EBITDAS may not be comparable to similar measures used by other issuers. This non-GAAP performance measure, EBITDAS, does 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.

Reconciliation of EBITDAS to Historical Results (GAAP)

Statement of Income (Loss) ($000's except per share amounts)	**Three months ended Dec. 31, 2008**	**Three months ended Dec. 31, 2007**	**Twelve months ended Dec. 31, 2008**	**Fifteen months ended Dec. 31, 2007**
Net income (loss)	$(13,597)	$(484)	$(12,269)	$929
Add:				
Income taxes (recovery)	(1,726)	399	(1,318)	464
Interest *	137	229	700	981
Goodwill write-down	15,108	-	15,108	-
Amortization **	1,001	1,189	2,880	3,243
Stock-based compensation	96	88	96	252
EBITDAS	1,019	1,421	5,197	5,869

* *Interest includes short term interest and interest on long term debt*
** *Amortization includes (gain)/loss on sale of equipment*

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 and industries and utility services 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.

ADDITIONAL INFORMATION

Additional information, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com or the Company web site at www.enterpriseoil.ca.

MANAGEMENT TEAM / BOARD OF DIRECTORS

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

Desmond O'Kell, Vice President – Corporate Development

Ron Ingram, Director

Jason Krueger, CFA. Director

James P. Stout, CA, Director

Nick Demare, CA, Director

PIPELINE CONSTRUCTION BOARD OF ADVISORS

Troy Thompson, Project Manager – Central Alberta

Tom Lavender, General Manager – Sherwood Park Operations

Doug Watt, General Manager. – Slave Lake Operations

Rick Wesolowski, General Manager - Peace River Operations

Paul Harvey, General Manager – Wainwright Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Colette Dziwenka, Interim Chief Financial Officer/Corporate Controller

Francine Coleman, Divisional Controller, Wainwright/Peace River Operations

Yvette Butz, Divisional Controller, Slave Lake Operations

Darlene Hubscher, Divisional Controller, Sherwood Park Operations

Angela Hatt, Human Resources / Safety Coordinator

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