Enterprise Oilfield Group, Inc.

Consolidated Interim Financial Statements
(Unaudited)

For the three and nine months ended September 30, 2009 and

September 30, 2008

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited consolidated interim financial statements of Enterprise Oilfield Group, Inc. for the nine month period ended September 30, 2009 have not been reviewed by the Company's auditors.

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Balance Sheets

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Assets		
Current		
Cash and cash equivalents	$ **669,918**	$ 607,286
Accounts receivable	**5,904,318**	10,916,390
Income taxes refundable	**-**	140,542
Inventory	**672,634**	506,830
Prepaid expenses	**973,212**	624,441
	8,220,082	12,795,489
Property, plant and equipment	**12,635,314**	14,805,290
Other intangible assets	**1,091,250**	1,200,375
Portfolio investment	**36,000**	28,000
Future income taxes	**1,826,980**	932,600
	$ **23,809,626**	$ 29,761,754
Liabilities and Shareholders' Equity		
Current		
Bank indebtedness	$ **3,742,508**	$ 6,526,900
Accounts payable and accrued liabilities	**3,093,950**	1,909,814
Current portion of long term debt (note 6 (b))	**1,066,588**	3,249,975
	7,903,046	11,686,689
Long term debt (note 6 (b))	**2,132,541**	2,206,621
	10,035,587	13,893,310
Shareholders' equity		
Share capital (note 3 (a))	**23,964,674**	24,032,796
Warrants (note 3 (d))	**47,796**	47,796
Contributed surplus (note 4)	**1,364,017**	1,085,717
Deficit	**(11,554,128)**	(9,243,865)
Accumulated other comprehensive loss	**(48,320)**	(54,000)
	13,774,039	15,868,444
	$ **23,809,626**	$ 29,761,754

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Income (Loss) and Retained Earnings (Deficit)

(Unaudited)

	Three months September 30, 2009	Three months September 30, 2008	**Nine months September 30, 2009**	Nine months September 30, 2008
Revenue	**$ 6,584,799**	$ 8,683,083	**$ 20,507,752**	$ 28,095,385
Direct expenses	**5,969,887**	5,797,361	**18,000,494**	20,415,442
Gross margin	**614,912**	2,885,722	**2,507,258**	7,679,943
Expenses (other income)				
General and administrative expenses	**848,567**	1,372,923	**3,321,788**	3,826,364
Interest on long term debt	**30,610**	93,759	**120,958**	314,304
Amortization	**457,820**	595,350	**1,409,172**	1,822,669
Loss (gain) on sale of equipment	**738,364**	(2,391)	**864,625**	56,688
Interest and other income	**16,033**	(8,103)	**(2,954)**	(76,026)
	2,091,394	2,051,538	**5,713,589**	5,943,999
Income (loss) before income taxes	**(1,476,482)**	834,184	**(3,206,331)**	1,735,944
Income taxes (recovery)				
Current	**-**	-	**632**	(1,237)
Future	**(395,000)**	246,000	**(896,700)**	409,355
	(395,000)	246,000	**(896,068)**	408,118
Net income (loss)	**(1,081,482)**	588,184	**(2,310,263)**	1,327,826
Retained earnings (deficit), beginning of period	**(10,472,646)**	3,765,018	**(9,243,865)**	3,025,376
Retained earnings (deficit), end of period	**$ (11,554,128)**	$ 4,353,202	**$ (11,554,128)**	$ 4,353,202

Earnings per share				
Basic earnings (loss) per share	**$ (0.026)**	**$ 0.014**	**$ (0.055)**	**$ 0.032**
Diluted earnings (loss) per share	**$ (0.026)**	**$ 0.014**	**$ (0.055)**	**$ 0.032**
Weighted average number of common shares outstanding				
Basic	**42,181,700**	41,467,787	**42,196,279**	41,544,441
Diluted	**42,181,700**	41,618,393	**42,196,279**	41,606,047

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

	Three months September 30, 2009	Three months September 30, 2008	**Nine months September 30, 2009**	Nine months September 30, 2008
Net income (loss)	**$ (1,081,482)**	$ 588,184	**$ (2,310,263)**	$ 1,327,826
Other comprehensive income (loss):				
Change associated with portfolio investment, net of future income taxes	**-**	-	**5,680**	(16,920)
Total comprehensive income (loss), end of period	**$ (1,081,482)**	$ 588,184	**$ (2,304,583)**	$ 1,310,906

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Accumulated Other Comprehensive Income (Loss)

(Unaudited)

		Three months September 30, 2009		Three months September 30, 2008		Nine months September 30, 2009		Nine months September 30, 2008
Accumulated other comprehensive income (loss), beginning of period	**$**	**(48,320)**	$	(16,920)	**$**	**(54,000)**	$	2,515
Other comprehensive income (loss):								
Change associated with portfolio investment, net of future income taxes		**-**		-		**5,680**		(19,435)
Accumulated other comprehensive (loss), end of period	**$**	**(48,320)**	$	(16,920)	**$**	**(48,320)**	$	(16,920)

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Cash Flows

(Unaudited)

	Three months September 30, 2009	Three months September 30, 2008	**Nine months September 30, 2009**	Nine months September 30, 2008
Cash provided by (used for) the following:				
Operating activities				
Net income (loss) for the period	**$ (1,081,482)**	$ 588,184	**$ (2,310,263)**	$ 1,327,826
Items not affecting cash:				
Amortization of property, plant and equipment	**421,445**	542,518	**1,300,047**	1,664,172
Amortization of intangible assets	**36,375**	52,832	**109,125**	158,497
(Gain) loss on sale of equipment	**738,364**	(2,391)	**864,625**	56,688
Stock-based compensation	**-**	-	**229,090**	-
Future income tax expense (recovery)	**(395,000)**	246,000	**(896,700)**	409,355
	(280,298)	1,427,143	**(704,076)**	3,616,538
Changes in non-cash working capital related to operating activities (note 9)	**1,561,154**	1,243,172	**5,822,173**	(237,204)
	1,280,856	2,670,315	**5,118,097**	3,379,334
Financing activities				
Decrease in bank indebtedness	**(797,899)**	(1,689,288)	**(2,784,392)**	(811,042)
Proceeds from long term debt	**-**	-	**637,125**	-
Proceeds from issue of common shares, net of share issue costs	**-**	(43,500)	**-**	(43,500)
Share repurchase	**-**	-	**(18,911)**	-
Repayment of long term debt	**(1,051,777)**	(644,570)	**(3,432,906)**	(2,391,045)
	(1,849,676)	(2,377,358)	**(5,599,084)**	(3,245,587)
Investing activities				
Purchase of property, plant and equipment	**(67,654)**	(318,198)	**(502,717)**	(331,269)
Proceeds on sale of equipment	**787,585**	43,400	**1,046,336**	156,219
	719,931	(274,798)	**543,619**	(175,050)
Increase (decrease) in cash and cash equivalents	**151,111**	18,159	**62,632**	(41,303)
Cash and cash equivalents, beginning of period	**518,807**	450,447	**607,286**	509,909
Cash and cash equivalents, end of period	**$ 669,918**	$ 468,606	**$ 669,918**	$ 468,606
Supplementary information				
Interest paid	**$ 97,533**	$ 145,566	**$ 312,889**	$ 562,912
Income taxes received	**140,754**	-	**140,754**	-

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.

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. During spring thaw roads become incapable of supporting the heavy equipment needed to drill and tie-in oil and gas wells. 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.

2. Significant accounting policies

Basis of consolidation and preparation of unaudited consolidated interim financial statements

These unaudited consolidated interim financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") for interim financial statements.

Except as described below, the statements have been prepared following the same accounting policies and application methods as those described in the Company's audited consolidated financial statements for the twelve months ended December 31, 2008. However, these unaudited consolidated interim financial statements do not include all information and disclosures required under GAAP for annual audited financial statements. Accordingly, these unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements, and the notes thereto, for the twelve months ended December 31, 2008.

During the first quarter of 2009, the Company evaluated the amortization of its construction equipment. As a result of this review it was determined to include salvage values in the calculation of amortization. This change has been accounted for on a prospective basis with effect from January 1, 2009. For the nine month period ended September 30, 2009, amortization is $338,482 lower than it would have been had no salvage values been estimated. The Company has determined this will provide a more reasonable allocation of the cost of the assets to the periods they are used.

New accounting standards and policies

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 was effective for the fiscal year beginning on January 1, 2009. The adoption of this standard has no impact on the Company's financial statements.

Recent accounting pronouncements

International financial reporting standards

In March 2008, the CICA announced that Canadian publicly accountable enterprises will adopt *International Financial Reporting Standards* ("IFRS") effective January 1, 2011. The Company assessed the impact that IFRS will have on its financial statements, in conjunction with their auditors and has compiled an in-depth report detailing its conversion plan.

3. Share capital

(a) Authorized and issued capital

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

	Nine months September 30, 2009 (Unaudited)		Twelve months December 31, 2008 (Audited)	
	Shares	**Amount**	Shares	Amount
Shares outstanding, beginning of period	**42,301,700**	**$24,032,796**	41,449,200	$24,142,242
Normal course issuer bid (note 3 (b))	**(120,000)**	**(68,122)**	(417,500)	(236,516)
Private placements	**-**	**-**	1,200,000	204,000
Share cancellation	**-**	**-**	(150,000)	(98,500)
Stock options exercised (note 3 (c))	**-**	**-**	220,000	55,000
Fair value of exercised options (note 4)	**-**	**-**	-	14,366
Adjust warrants to fair market value (note 3 (d))	**-**	**-**	-	(47,796)
Shares outstanding, end of period	**42,181,700**	**$23,964,674**	42,301,700	$24,032,796

(b) Normal course issuer bid

In July 2008, the Company received approval from the TSX to purchase up to 1,000,000 common shares at market price beginning July 21, 2008 and ending July 20, 2009.

During the nine month period ended September 30, 2009, 120,000 common shares were purchased and cancelled at an approximate average cost of $0.16 per common share totalling $18,912. The carrying value of the total common shares purchased and cancelled was $68,122 and recorded as a charge against share capital with the balance of $49,210 charged against contributed surplus.

(c) Stock options

The Company has a stock option plan for directors, officers, consultants and employees to purchase common shares over a period ranging from two to five years from the date the option is granted at prices approximating market prices on the day prior to the date of grant.

The table below sets out the changes in stock options, with their weighted average prices, during the nine month period ended September 30, 2009:

	Nine months September 30, 2009 (Unaudited)		Twelve months December 31, 2008 (Audited)	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Stock options, outstanding, beginning of period	**3,970,000**	**$ 0.74**	3,490,000	$ 1.20
Granted	1,550,000	-	700,000	0.42
Exercised	-	-	(220,000)	0.25
Forfeited	(30,000)	(0.78)	-	-
Expired	(1,220,000)	(0.78)	-	-
Stock options, outstanding, end of period	**4,270,000**	**$ 0.51**	3,970,000	$ 0.74

3. Share capital (c) continued:

Exercisable stock options:

	Nine months September 30, 2009 (Unaudited)			Twelve months December 31, 2008 (Audited)		
	Number	**Weighted average exercise price**		Number	Weighted average exercise price	
Expiry date						
August 6, 2009	120,000	$	0.25	120,000	$	0.25
August 25, 2010	80,000		0.25	80,000		0.25
January 9, 2011	525,000		0.72	375,000		0.72
July 20, 2011	730,000		0.82	750,000		0.82
April 3, 2011	585,000		0.82	485,000		0.82
April 3, 2011	-		-	200,000		0.82
May 2, 2009	-		-	1,260,000		0.82
May 4, 2010	680,000		0.42	700,000		0.42
June 4, 2011	1,550,000		0.25	-		-
	4,270,000	**$**	**0.51**	3,970,000	$	0.74

The Company recorded stock-based compensation expense of $229,090 for the nine month period ended September 30, 2009 (Nine month period ended September 30, 2008 - $nil).

The weighted average fair value of options granted during the nine month period ended September 30, 2009 was $0.09 estimated using the Black-Scholes option pricing model, under the following assumptions:

	2009
Expected term	2 years
Risk-free interest	1.33%
Expected dividends	nil
Expected volatility	119%

(d) Share purchase warrants

At September 30, 2009, the Company had 1,200,000 outstanding warrants issued on October 3, 2008, valued at $47,796 which expires on October 31, 2010.

4. Contributed surplus		**Nine months September 30, 2009 (Unaudited)**		Twelve months December 31, 2008 (Audited)
Balance, beginning of period	**$**	**1,085,717**	$	638,298
Fair value of exercised options (note 3 (a))		**-**		(14,366)
Stock-based compensation expense		**229,090**		96,175
Normal course issuer bid adjustment (note 3 (b))		**49,210**		168,001
Expired warrants		**-**		197,609
Balance, end of period	**$**	**1,364,017**	$	1,085,717

5. Related party transactions

The Company paid $36,000 for the nine month period ended September 30, 2009 (Nine month period ended September 30, 2008 - $36,000) to a company controlled by a director, for premises rented for the Company's office in Slave Lake.

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.

6. Risk management and financial instruments

(a) 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 prior periods. Management considers its capital structure to include net debt and adjusted capital of the Company, as reflected in the table below:

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.

In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the net 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 accounts payable and accrued liabilities) and less cash and cash equivalents. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants and deficit), other than amounts in accumulated other comprehensive income relating to the portfolio investment, and includes subordinated debt.

	September 30, 2009	December 31, 2008
Total debt	**$ 6,941,637**	$ 11,983,496
Less: cash and cash equivalents	**(669,918)**	(607,286)
Net debt	**6,271,719**	11,376,210
Total equity	**13,774,039**	15,868,444
Add: subordinated debt instruments	**-**	500,000
Less: amounts in accumulated other comprehensive loss relating to portfolio investment	**(48,320)**	(54,000)
Adjusted capital	**13,725,719**	16,314,444
Net debt-to-adjusted capital ratio	**0.46**	0.70

The decrease in the net debt-to-adjusted capital ratio during 2009 resulted primarily 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.

6. Risk management and financial instruments continued:

(b) Debt management

Under its long term credit facilities, the Company must maintain certain ratios. The Company was not in compliance with the Working Capital Ratio, the Funded Debt to EBITDA Ratio and the Fixed Charge Coverage Ratio at September 30, 2009. This non-compliance resulted from lower than anticipated earnings before interest, taxes, depreciation, amortization for the nine months ended September 30, 2009.

In October 2009, the Company refinanced its non-revolving bank loans. The loans were amalgamated into a non-revolving prime based facility in the amount of $2,190,052. The loan is currently at an interest rate of prime plus 3.5% (5.75%) with monthly payments of $66,400 amortized over a 36 month period. The loan is secured by a general security agreement on all the assets of the Company.

The Company’s mortgages and revolving lines of credit were not significantly affected by the refinancing agreement.

(c) 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 Company is exposed to the following risks in respect of certain of the financial instruments held:

i) Fair value

The carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate fair value 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.

ii) 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 September 30, 2009 was $1,760,215 or 30%, of total accounts receivable owing from two customers due to the significant contracts in progress at September 30, 2009. As at September 30, 2009 the Company's exposure to credit risk in this area was as follows:

	Total	Current 1 - 90 days	91 - 120 days	121+ days
Accounts receivable	$5,904,318	$4,849,781	$394,577	$659,960

6. Risk management and financial instruments (c) continued:

iii) Liquidity risk

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 an authorized revolving line of credit of $9,000,000, of which $3,650,000 was available based on margins as at September 30, 2009. $3,742,508 of bank indebtedness was outstanding as at September 30, 2009, comprised of $3,550,000 of revolving line of credit and $192,508 of bank overdraft balances.

The revolving demand loan bears interest at prime plus 0.75% at September 30, 2009.

The Company has a capital line of credit available in the maximum amount of $2,500,000 to finance equipment acquisitions. The Company has $1,278,641 available on its capital line of credit as at September 30, 2009. During October 2009, the Company's equipment acquisition line has been reduced to $1,000,000 and will not be available to the Company until March 2010.

iv) 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.

Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending at September 30, 2009 rate to impact the Company's annual interest expense by approximately $65,400. The Company has not entered into any derivative agreements to mitigate this risk.

7. Comparative amounts

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

8. Segmented information

The Company operates solely one segment in Western Canada with all its property, plant and equipment and intangibles also held within Western Canada.

For the nine months ended September 30, 2009, the Company had revenues of 38.34% from three customers. No other customers comprise more than 10% of revenues.

9. Changes in non-cash working capital

	Three months September 30, 2009	Three months September 30, 2008	**Nine months September 30, 2009**	Nine months September 30, 2008
Account receivable	**$(94,090)**	$(230,284)	**$5,012,072**	$(2,186,440)
Inventory	**323,595**	20,786	**(165,804)**	313,474
Prepaid expenses	**(74,740)**	14,141	**(348,772)**	9,150
Accounts payable and accrued liabilities	**1,406,586**	1,438,186	**1,184,135**	1,455,188
Income taxes payable	**(197)**	343	**140,542**	171,424
	$1,561,154	$1,243,172	**$5,822,173**	$(237,204)