ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Financial Statements

(Unaudited)

For the three and six months ended June 30, 2011 and 2010

ENTERPRISE OILFIELD GROUP, INC.

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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 three and six month periods ended June 30, 2011 have not been reviewed by the Company's external auditors.

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Financial Position

(Unaudited)

		June 30, 2011		December 31, 2010 (note 13)
Assets				
Cash and cash equivalents	**$**	**235,563**	$	392,032
Trade and other receivables		**2,162,535**		2,729,006
Unbilled revenue		**139,693**		196,320
Inventories		**735,627**		714,846
Deposits and prepaid expenses		**481,864**		216,030
Total current assets		**3,755,282**		4,248,234
Property, plant and equipment (note 6)		**8,924,533**		9,531,420
Intangible assets (note 7)		**836,625**		909,375
Marketable securities		**46,000**		40,000
Total non-current assets		**9,807,158**		10,480,795
Total assets	**$**	**13,562,440**	$	14,729,029
Liabilities				
Bank indebtedness (note 9)	**$**	**731,862**	$	-
Trade and other payables		**978,201**		1,265,155
Term loan facility (note 9)		**1,465,275**		3,599,023
Bank loan facility (note 9)		**1,800,000**		-
Other loans payable (note 9)		**425,000**		1,048,482
Current portion of long term loans and borrowings (note 9)		**625,321**		229,596
Total current liabilities		**6,025,659**		6,142,256
Long term loans and borrowings (note 9)		**287,430**		828,655
Total non-current liabilities		**287,430**		828,655
Total liabilities		**6,313,089**		6,970,911
Equity				
Share capital (note 8)		**25,577,893**		24,945,961
Warrants (note 10 (b))		**313,710**		47,796
Contributed surplus		**1,759,481**		1,621,078
Deficit		**(20,415,733)**		(18,864,717)
Accumulated other comprehensive income		**14,000**		8,000
Total equity		**7,249,351**		7,758,118
Total equity and liabilities	**$**	**13,562,440**	$	14,729,029

Going concern uncertainty (note 2)

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

For the three and six months ended June 30, 2011 and 2010

	Three months June 30, 2011	Three months June 30, 2010 (note 13)	Six months June 30, 2011	Six months June 30, 2010 (note 13)
Revenue	**$ 2,615,763**	$ 2,921,784	**$ 6,846,741**	$ 8,191,564
Direct expenses	**(2,366,894)**	(2,876,088)	**(5,597,908)**	(7,700,684)
General and administrative expenses	**(765,363)**	(776,028)	**(1,575,774)**	(1,538,340)
Depreciation and amortization	**(321,434)**	(399,846)	**(660,437)**	(817,203)
Gain on sale of property, plant and equipment	**2,049**	24,846	**4,281**	24,337
Other income (expense)	**(43,288)**	4,960	**27,275**	3,101
	(879,167)	(1,100,372)	**(955,822)**	(1,837,225)
Finance expenses	**(285,758)**	(60,689)	**(595,194)**	(82,629)
Loss before income tax	**(1,164,925)**	(1,161,061)	**(1,551,016)**	(1,919,854)
Income tax recovery				
Deferred	**-**	327,000	**-**	535,000
Loss for the period	**(1,164,925)**	(834,061)	**(1,551,016)**	(1,384,854)
Other comprehensive income:				
Unrealized gain (loss) on marketable securities	**(26,000)**	-	**6,000**	-
Comprehensive income for the period	**(26,000)**	-	**6,000**	-
Loss and comprehensive loss for the period	**$ (1,190,925)**	$ (834,061)	**$ (1,545,016)**	$ (1,384,854)
Basic and diluted loss per share	**$ (0.02)**	$ (0.02)	**$ (0.03)**	$ (0.03)
Weighted average number of basic and diluted common shares outstanding:	**48,681,700**	48,681,700	**48,681,700**	48,681,700

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Cash Flows

(Unaudited)

For the six months ended June 30, 2011 and 2010

	Six months June 30, 2011	Six months June 30, 2010
Cash flows from operating activities:		
Loss for the period	**$ (1,551,016)**	$(1,384,854)
Adjustments for:		
Depreciation of property, plant and equipment	**587,687**	744,453
Amortization of intangible assets	**72,750**	72,750
Gain on sale of equipment	**(4,281)**	(24,337)
Share-based payments	**138,403**	76,520
Change in non-cash working capital (note 12)	**49,527**	(326,985)
Finance expenses	**595,194**	82,629
Deferred income tax recovery	**-**	(535,000)
Net cash (used in) provided by operating activities	**(111,736)**	(1,294,824)
Cash flows from financing activities:		
Increase in bank indebtedness	**731,862**	346,513
Proceeds from finance lease liabilities (note 9 (f))	**144,952**	-
Proceeds from bank loan facility (note 9 (d))	**1,800,000**	-
Proceeds of other loans payable (note 9 (g))	**-**	380,000
Interest paid on loans and borrowings	**(515,876)**	(82,629)
Repayment of term loan facililty (note 9 (c))	**(2,203,486)**	(347,680)
Repayment of other loans payable (note 9 (g))	**(623,482)**	-
Repayment of finance lease liabilities (note 9 (f))	**(131,032)**	(95,666)
Repayment of mortgage facility (note 9 (e))	**(169,000)**	(14,703)
Private placement of issuance of common shares (note 8)	**912,749**	-
Share issue costs (note 8)	**(14,903)**	(12,696)
Net cash (used in) provided by financing activities	**(68,216)**	173,139
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(348,593)**	(118,723)
Proceeds on sale of equipment	**372,076**	107,444
Net cash provided by (used in) investing activities	**23,483**	(11,279)
Change in cash and cash equivalents	**(156,469)**	(1,132,964)
Cash and cash equivalents, beginning of period	**392,032**	1,667,547
Cash and cash equivalents, end of period	**$235,563**	$534,583

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

ENTERPRISE OILFIELD GROUP, INC.

Consolidated Interim Statements of Changes in Equity

(Unaudited)

For the six months ended June 30, 2011 and 2010

	Number of Common shares	Share Capital	Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at January 1, 2010	48,681,700	$24,945,961	$78,009	$1,364,017	-	$(13,300,599)	$13,087,388
Share issue costs	-	(12,696)	-	-	-	-	(12,696)
Share-based payments	-	-	-	76,520	-	-	76,520
Loss for the period	-	-	-	-	-	(1,384,854)	(1,384,854)
Balance as at June 30, 2010	48,681,700	$24,933,265	$78,009	$1,440,537	-	$(14,685,453)	$11,766,358
Balance as at December 31, 2010	48,681,700	$24,945,961	$47,796	$1,621,078	$8,000	$(18,864,717)	$7,758,118
Private placement of issuance of common shares	6,084,997	912,749	-	-	-	-	912,749
Share issue costs	-	(14,903)	-	-	-	-	(14,903)
Unrealized gain on marketable securities	-	-	-	-	6,000	-	6,000
Fair value of warrants issued	-	(265,914)	265,914	-	-	-	-
Share-based payments	-	-	-	138,403	-	-	138,403
Loss for the period	-	-	-	-	-	(1,551,016)	(1,551,016)
Balance as at June 30, 2011	54,766,697	$25,577,893	$ 313,710	$ 1,759,481	$14,000	$(20,415,733)	$7,249,351

The accompanying notes are an integral part of these unaudited interim consolidated financial statements

1. Reporting entity

Enterprise Oilfield Group, Inc. ("Enterprise" or the "Company") was incorporated under the *Alberta Business Corporations Act* on March 23, 2004 and is a company domiciled in Canada. The Company is publicly traded on the TSX Exchange under the symbol "E", effective August 13, 2007. The Company is a construction services company operating in the energy, utility and transportation infrastructure industry.

A significant portion of the Company's operations relate to energy production customers in Alberta. The Company's earnings follow the seasonal 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. Services provided to underground utility and directional drilling customers are provided more evenly throughout the year but the spring quarter is also the slowest quarter of the year.

The financial statements of the Company as at June 30, 2011 and December 31, 2010 and for the periods ended June 30, 2011 and 2010 are comprised of the Company and its wholly owned subsidiaries. The head office, principal address and registered and records office of the Company are located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

2. Going concern uncertainty

These consolidated unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (*IFRS*) and its interpretations adopted by the International Accounting Standards Board (IASB) on a going concern basis which contemplate that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments as they become due in the normal course of business.

Over the past two fiscal years, the Company has experienced net losses and negative cash flows from operations. The Company has incurred a net loss of $1,551,016 for the six months ended June 30, 2011 and a net loss of $5,564,118 for the year ended December 31, 2010 and has a working capital deficit of $2,270,377 at June 30, 2011 and $1,894,022 at December 31, 2010.

The working capital deficit and annual operating losses over the past two fiscal years and uncertainty relating to the pipeline and facilities construction and maintenance activity, create significant uncertainty as to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow and sustained profitability from operations going forward.

In addition to its ongoing working capital requirements, the Company must secure sufficient funding for existing commitments including a term facility of $1,535,014 maturing November 23, 2011 (note 9 (c)) and a mortgage of $559,000 maturing January 1, 2012 (note 9 (e)).

In recognition of these circumstances, the Company has secured a bank revolving line of credit of $1,050,000 (note 9 (b)) during the three months ended March 31, 2011. Also in May 2011, the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1,800,000 non-revolving demand loan (note 9 (d)). Proceeds of the loan were used to pay down the existing 24% term loan facility (note 9 (c)).

On June 30, 2011, the Company completed a non-brokered private placement, consisting of 6,084,997 common shares at $0.15 per share for gross proceeds of $912,749 (note 8).

These undertakings, while significant, are not sufficient in itself to enable the Company to fund all aspects of its operations and accordingly, management is continuing to dispose of underutilized assets, streamline operations, actively seek merger opportunities and is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management plans to secure necessary financing through the issue of new equity and/or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

Accordingly, these financial statements do not reflect any adjustments to the carrying values of the assets and liabilities and in the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

3. Basis of preparation and adoption of IFRS

The company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the company commenced reporting on this basis in its 2011 interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of *IFRS*.

These interim consolidated financial statements have been prepared in accordance with *IFRS* applicable to the preparation of interim financial statements, including *IAS 34*, *Interim Financial Reporting*, and *IFRS 1, First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the company's interim financial statements for the period ended March 31, 2011. The company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to *IFRS* on the company's reported equity as at June 30, 2010 and comprehensive losses for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the company's consolidated financial statements for the year ended December 31, 2010.

4. Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are based on *IFRS* effective for the year ended December 31, 2011, as issued and outstanding as of August 13, 2011, the date the Board of Directors approved the statements. Any subsequent changes to *IFRS* that are given effect in the company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to *IFRS*.

The condensed interim consolidated financial statements should be read in conjunction with the company's Canadian GAAP annual financial statements for the year ended December 31, 2010, and the company's interim financial statements for the quarter ended March 31, 2011 prepared in accordance with *IFRS* applicable to interim financial statements.

Accounting standards issued but not yet applied

In May 2011, the *IASB* issued the following standards which have not yet been adopted by the Company: *IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13)* and amended *IAS 28, Investments in Associates and Joint Ventures (IAS 28)*. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 9 – Financial Instruments

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in *IAS 39* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. *IFRS 9* also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

4. Significant accounting policies continued:

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in *IAS 39, Financial Instruments – Recognition and Measurement,* except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing *IFRS*, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. I*FRS 10* replaces *SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.*

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing *IFRS*, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. *IFRS 11* supersedes *IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.*

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all *IFRS* standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing *IFRS*, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including *IAS 27, Separate Financial Statements (IAS 27)*, and *IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27* addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. *IAS 28* has been amended to include joint ventures in its scope and to address the changes in *IFRS 10 – 13.*

5. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of certain financial instruments held such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

5. Financial risk management continued:

The Board of Directors oversees managements' establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from customers. This risk is elevated in the current year similar to the prior 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.

Trade and other receivables

The Company has accounts receivable from customers in the oil and gas industry, as well as the utilities and infrastructure industries. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors accounts receivable monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis.

The Company does not anticipate any default as it transacts with creditworthy customers and management does not expect any losses from non-performance by these customers. As such a provision for doubtful accounts has not been recorded for June 30, 2011 or for December 31, 2010.

The majority of the accounts receivable relates to sub division underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon. Management is not aware of any uncollectable receivables in this category.

Included in accounts receivable at June 30, 2011, was $988,811 or 44% of total accounts receivable owing from three customers due to the significant contracts in progress at June 30, 2011. December 31, 2010 was $1,687,965 or 62% from six customers.

At June 30, 2011 and December 31, 2010, the Company's maximum exposure to credit risk in this area was as follows:

	June 30, 2011	December 31, 2010
Current (less than 90 days)	**$ 1,765,990**	$ 2,316,257
Past due (more than 90 days)	**396,545**	412,749
Total	**$ 2,162,535**	$ 2,729,006

Cash and cash equivalents consist of cash bank balances held in both interest and non-interest bearing accounts. The Company manages credit exposure of cash by selecting financial institutions with high credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

5. Financial risk management continued:

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements at June 30, 2011:

Non-derivative financial liabilities:	Carrying amount	Contractual cash flows	Less than one year	One - two years	Two-five years	More than five years
Bank indebtedness	$ 731,862	$ 763,830	$ 763,830	$ -	$ -	$ -
Trade and other payables	978,201	978,201	978,201	-	-	-
Term loan facility	1,465,275	1,677,230	1,677,230	-	-	-
Bank loan facility (note 9 (d))	1,800,000	1,890,000	1,890,000	-	-	-
Other loans payable	425,000	450,000	450,000	-	-	-
Long term loans and borrowings including current portion	912,751	970,039	670,542	192,188	107,309	-
Operating lease commitments	-	306,078	269,808	36,270	-	-
	$ 6,313,089	$ 7,035,378	$ 6,699,611	$ 228,458	$ 107,309	$ -

The Company may be exposed to liquidity risk if it is unable to collect its trade account receivable balances on a timely basis, which in turn could impact the Company's long-term ability to meet commitments under its credit facility, or if the credit facility is not renewed requiring the Company to make scheduled principal repayments. The Company's customers are subject to an internal credit review along with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. Long and short term cash flow forecasts are prepared and monitored to ensure adequate liquidity. See note 2 for further information in relation to liquidity.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending at June 30, 2011, rate to impact the Company's annual interest expense by approximately $23,350. The Company has not entered into any derivative agreements to mitigate this risk.

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 (note 2). 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; 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.

5. Financial risk management continued:

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 trade and other payables, less bank indebtedness 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 marketable securities.

		June 30, 2011		December 31, 2010
Total debt	**$**	**4,603,026**	$	5,705,756
Less: cash and cash equivalents		**(235,563)**		(392,032)
Net debt		**4,367,463**		5,313,724
Total equity		**7,249,351**		7,758,118
Less: amounts in accumulated other comprehensive income relating to marketable securities		**(14,000)**		(8,000)
Adjusted capital	**$**	**7,235,351**	$	7,750,118
Net debt-to-adjusted capital ratio		**0.60**		0.69

The decrease in the net debt-to-adjusted capital ratio during 2011 is the result of a reduction of net debt for the period ended June 30, 2011, as compared to the year ended December 31, 2010.

Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Marketable securities

The fair value of financial assets held as available-for-sale is determined by reference to their quoted closing bid price at the reporting date.

(ii) Cash and cash equivalents, trade and other receivables, bank overdraft and trade and other payables

The fair value of cash and cash equivalents, trade and other receivables, and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2011 and 2010, the fair value of these balances approximated their carrying value due to their short term to maturity.

(iii) Long-term debt and obligations under capital leases

The fair values of the long-term debt and obligations under capital leases approximate their carrying values since their stated interest rates approximate market interest rates at June 30, 2011 and December 31, 2010.

(iv) Loans payable

The fair value of the loans payable is not determinable as loans with similar terms would not be available from third parties.

6. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2010	Additions	Disposals	Balance at June 30, 2011
Land	$ 375,000	$ -	$ -	$ 375,000
Buildings	731,029	-	(284,000)	447,029
Leasehold improvements	115,885	-	-	115,885
Computers and communication equipment	127,363	1,217	-	128,580
Office furniture and equipment	360,967	-	(27,927)	333,040
Small tools and equipment	869,780	16,181	-	885,961
Light automotive equipment	1,070,064	21,827	(31,826)	1,060,065
Heavy automotive equipment	4,282,557	36,000	-	4,318,557
Construction equipment	6,464,576	273,370	(65,000)	6,672,946
	$ 14,397,221	**$ 348,595**	**$ (408,753)**	**$ 14,337,063**

Depreciation and impairment losses	Balance at December 31, 2010	Depreciation for the period	Disposals	Balance at June 30, 2011
Buildings	$ 8,132	$ 3,829	$ (4,548)	$ 7,413
Leasehold improvements	107,672	3,418	-	111,090
Computers and communication equipment	113,033	6,274	-	119,307
Office furniture and equipment	223,732	11,784	(13,653)	221,863
Small tools and equipment	487,430	24,971	-	512,401
Light automotive equipment	399,000	148,321	(2,894)	544,427
Heavy automotive equipment	1,687,132	160,840	-	1,847,972
Construction equipment	1,839,670	228,250	(19,863)	2,048,057
	$ 4,865,801	**$ 587,687**	**$ (40,958)**	**$ 5,412,530**

Carrying amounts	Balance at December 31, 2010	Balance at June 30, 2011
Land	$ 375,000	$ 375,000
Buildings	722,897	439,616
Leasehold improvements	8,213	4,795
Computers and communication equipment	14,330	9,273
Office furniture and equipment	137,235	111,177
Small tools and equipment	382,350	373,560
Light automotive equipment	671,064	515,638
Heavy automotive equipment	2,595,425	2,470,585
Construction equipment	4,624,906	4,624,889
	$ 9,531,420	**$ 8,924,533**

Amortization and impairment charge

The depreciation and impairment of property, plant and equipment, and any eventual reversal thereof, are recognized in depreciation and amortization expense in the income statement.

7. Intangible assets

Cost or deemed cost	Balance at December 31, 2010	Additions	Balance at June 30, 2011
Customer relationships	$ 1,455,000	$ -	$ 1,455,000

Amortization and impairment losses	Balance at December 31, 2010	Amortization for the period	Balance at June 30, 2011
Customer relationships	$ 545,625	$ 72,750	$ 618,375

Carrying amounts	Balance at December 31, 2010	Balance at June 30, 2011
Customer relationships	$ 909,375	$ 836,625

8. Share capital

Authorized:

Unlimited Common shares
Unlimited Preferred shares, issuable in series, terms to be set at issuance

Issued:

Common shares	June 30, 2011		December 31, 2010	
	Shares	**Amount**	Shares	Amount
Balance, beginning of period	**48,681,700**	**$24,945,961**	48,681,700	$24,945,961
Private placement of issuance of common shares	**6,084,997**	**912,749**	-	-
Adjust warrants to fair market value	**-**	**(265,914)**	-	-
Share issue costs	**-**	**(14,903)**	-	-
Balance, end of period	**54,766,697**	**$25,577,893**	48,681,700	$24,945,961

On June 30, 2011, the Company completed a non-brokered private placement, consisting of 6,084,997 common shares at $0.15 per share for gross proceeds of $912,749.

In the placement, the common share unit holders received one common share purchase warrant equivalent to one common share at an exercise price of $0.20 per warrant.

The common share purchase warrants expire June 30, 2012. The private placement includes 2,801,664 common shares issued with related parties of the Company.

The warrants were valued at $265,914 using the Black- Scholes model.

There were no private placements for the year ended December 31, 2010.

9. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

		June 30, 2011	December 31, 2010
Current loans and borrowings:			
Bank indebtedness	(b)	**$ 731,862**	$ -
Term loan facility	(c)	**1,465,275**	3,599,023
Bank loan facility	(d)	**1,800,000**	-
Other loans payable	(g)	**425,000**	1,048,482
Current portion of finance lease liabilities		**253,701**	229,596
Current portion of mortgage facilities		**371,620**	-
Total current loans and borrowings:		**5,047,458**	4,877,101
Non-current portion of loans and borrowings:			
Finance lease liabilities	(f)	**287,430**	297,617
Mortgage facilities	(e)	**-**	531,038
Total non-current portion loans and borrowings:		**287,430**	828,655
Total loans and borrowings:		**$ 5,334,888**	$ 5,705,756

(a) Terms and debt repayment schedule

Principal repayment requirements on the loans and borrowings for the next five years (twelve month periods ending on June 30th) based on the Company's current repayment schedule are estimated as follows (also refer to note 9 (d)):

2012	2013	2014	2015	2016	Total
$ 3,607,458	**$ 544,805**	**$ 433,488**	**$ 389,137**	**$ 360,000**	**$ 5,334,888**

(b) Bank indebtedness

At June 30, 2011, the Company's bank indebtedness consisted of outstanding cheques of $21,453 and a bank revolving line of credit facility with a utilized balance of $710,409 and a limit of $1,050,000 with an interest rate of lender prime plus 1.5%. The facility is secured by the accounts receivable of T.C. Backhoe & Directional Drilling Ltd., a wholly-owned subsidiary of the Company, with a carrying value of $1,375,942.

(c) Term loan facility

In May 2011, the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1,800,000 non-revolving demand loan (note 9 (d)). Proceeds of the loan were used to pay down the term loan facility by $1,800,000 to $1,535,014 as at June 30, 2011.

The non-revolving term loan facility bears interest at the rate of 24% per annum and was repayable in monthly installments of interest only to February 28, 2011. Commencing March 31, 2011 the facility was repayable in monthly installments of interest plus principal in the amount of $83,333 to June 30, 2011 and commencing July 31, 2011 the facility is repayable in monthly installments of interest plus principal in the amount of $70,833 until fully repaid.

The term loan facility can be fully repaid without penalty at any time after three months and matures on November 23, 2011.

A general security agreement providing a first charge over all present and after acquired property of the Company and an assignment of insurance have been provided as collateral for the term loan facility.

9. Loans and borrowings (c) continued:

As at June 30, 2011, $1,535,014 remains outstanding less transaction costs of $69,739 (December 31, 2010, $3,738,500 remains outstanding less transaction costs of $139,477).

The Company is in compliance with the terms of the loan at June 30, 2011 and at December 31, 2010.

(d) Bank loan facility

In May 2011, the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1,800,000 non-revolving demand loan. The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by the Company and an officer and Director of the Company. The interest rate on the facility is lender prime plus 2.0%. The loan is repayable over 60 months with principal payments of $30,000 plus interest, commencing July 31, 2011. Proceeds of the loan were used to pay down the existing 24% term loan facility (note 9 (c)).

The Company is in compliance with all repayment terms and conditions. However, *IFRS 7 - Financial Instruments: Disclosures* require that the entire amount be shown as a current liability, to disclose the maximum level of exposure to credit risk on the filing date, as the lender has the ability to demand repayment.

Specific construction, automotive and other equipment with a net book value of $2,658,689 has been pledged as collateral.

As at June 30, 2011, $1,800,000 of the secured bank loan remains outstanding.

(e) Mortgage facility

Effective December 1, 2010 the Company refinanced its mortgages, comprised of two properties of land and buiildings. The new facility in the original amount of $559,000 bears interest at 10.25% per annum.

Commencing January 1, 2011 the facility was repayable in monthly installments of interest only in the amount of $4,175 to June 1, 2011 and commencing July 1, 2011 the facility is repayable in monthly installments of interest only in the amount of $3,331. The principal is due January 1, 2012.

In June 2011, the Company sold one property, a condominium building in the Town of Slave Lake. The proceeds from the sale were used to pay down the existing mortgage secured by two properties by $169,000 to $390,000 with the remaining proceeds of approximately $131,000, applied towards closing costs and working capital.

As at June 30, 2011, the mortgage is secured by one property comprised of land and building with a net book value of $596,121.

As at June 30, 2011, $390,000 of the mortgage remains outstanding less transaction costs of $18,381.

As at December 31, 2010, $559,000 of the mortgage remains outstanding less transaction costs of $27,961.

(f) Finance lease liabilities

The Company financed specific automotive and construction equipment with a total balance of $541,131 as at June 30, 2011, (December 31, 2010 - $ $527,213) bearing interest from 0% to 9.98%, with cumulative monthly payments of $39,920 - maturing June 2015. Specific construction, automotive and other equipment with a net book value of $930,483 has been pledged as collateral.

Included in finance lease liabilities for the six months ended June 30, 2011, are $151,839 (December 31, 2010 - $119,969) of capital lease obligations.

9. Loans and borrowings continued:

(g) Other loans payable

At June 30, 2011, the Company has the following other loans payable:

• $nil of unsecured advances due to an unrelated party (December 31, 2010 - $400,000). The advances were due on demand and non-interest bearing. The Company repaid $400,000 of the advances prior to June 30, 2011.

• $275,000 unsecured demand loan, bearing interest at 12% per annum due to a related company which is controlled by a director and an officer of the Company (December 31, 2010 - $318,482).

• $150,000 unsecured demand loan, bearing interest at 16% per annum due to a related company which is controlled by a member of management of the Company (December 31, 2010 - $250,000).

• $nil of unsecured demand loan, bearing interest at 10% per annum due to a related party which is controlled by a director and officer of the Company (December 31, 2010 - $80,000). The Company repaid $80,000 of the advances prior to June 30, 2011.

During the six months ended June 30, 2011, the Company incurred interest expense in the amount of $34,226 on the loans to related parties of which, $17,708 is outstanding and included in trade and other payables at June 30, 2011.

10. Share-based payments

(a) Stock Option Program (equity-settled)

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:

	June 30, 2011		December 31, 2010	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Stock options, outstanding, beginning of period	**4,335,000**	**$ 0.41**	3,480,000	$ 0.51
Granted - January 9, 2011	**400,000**	**0.18**	-	-
Granted - March 1, 2011	**115,000**	**0.25**	-	-
Granted - June 4, 2011	**1,780,000**	**0.15**	-	-
Granted	**-**	**-**	1,075,000	0.20
Granted	**-**	**-**	630,000	0.25
Expired	**(300,000)**	**(0.20)**	-	-
Expired	**(375,000)**	**(0.72)**	-	-
Expired	**(350,000)**	**(0.82)**	-	-
Expired	**(1,285,000)**	**(0.25)**	-	-
Expired	**-**	**-**	(680,000)	(0.42)
Forfeited	**-**	**-**	(170,000)	(0.42)
Stock options, outstanding, end of period	**4,320,000**	**$ 0.28**	4,335,000	$ 0.41

10. Share-based payments continued:

Exercisable stock options:	**June 30, 2011**		December 31, 2010	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Expiry date				
January 7, 2011	**-**	**$ 0.20**	300,000	$ 0.20
January 9, 2011	**-**	**0.72**	375,000	0.72
April 3, 2011	**-**	**0.82**	350,000	0.82
June 4, 2011	**-**	**0.25**	1,285,000	0.25
July 20, 2011	**650,000**	**0.82**	650,000	0.82
May 7, 2012	**600,000**	**0.25**	600,000	0.25
January 7, 2012	**775,000**	**0.20**	775,000	$ 0.20
January 9, 2013	**400,000**	**0.18**	-	-
March 1, 2013	**115,000**	**0.25**	-	-
June 4, 2013	**1,780,000**	**0.15**	-	-
Stock options, exercisable, end of period	**4,320,000**	**$ 0.28**	4,335,000	$ 0.41

A forfeiture rate of 7.5% (2010 - 6.9%) is used when recording share-based compensation. This estimate is adjusted to the actual forfeiture rate.

The Company recorded share-based compensation expense of $138,403 for the six months ended June 30, 2011, relating to 1,780,000, 115,000 and 400,000 stock options issued during the period which vested immediately on June 4, 2011, March 1, 2011 and January 9, 2011, respectively.

The Company recorded share-based compensation expense of $226,848 for the year ended December 31, 2010, relating to 1,075,000 and 630,000 stock options issued during the year which vested immediately on January 7, 2010 and May 6, 2010, respectively.

The weighted average fair value of options granted during the period ended June 30, 2011 was $0.06 (year ended December 31 2010 - $0.13) estimated using the Black-Scholes option pricing model, under the following assumptions:

	June 2011	**March 2011**	**January 2011**	May 2010	January 2010
Expected term	2 years	2 years	2 years	2 years	2 years
Risk-free interest	1.55%	1.69%	1.69%	1.44%	1.19%
Expected dividends	nil	nil	nil	nil	nil
Expected volatility	89%	94%	88%	105%	114%

10. Share-based payments continued:

(b) Share purchase warrants (equity-settled)

A summary of the warrants outstanding at June 30, 2011, is as follows:

	Exercise price ($)	Number	Value
Balance, beginning of period		**1,200,000**	$ 47,796
Issued during the period	0.20	**6,084,997**	265,914
Balance, end of period		**I3,369,994**	**$ 579,624**

Expiry date	Issuance date	Type	Exercise price ($)	Number	Value	Remaining contractual life (months)
October 31, 2011	October 31, 2009	Common shareholder	**0.17**	**1,200,000**	**$ 47,796**	4
June 30, 2013	June 30, 2011	Common shareholder	**0.20**	**6,084,997**	**265,914**	24
				7,284,997	**$ 313,710**	

A summary of the warrants outstanding at December 31, 2010, is as follows:

			Exercise price ($)	Number	Value
Balance, beginning of year				1,850,000	$ 78,009
Expired during the year					
December 31, 2010	December 30, 2009	Agent	0.17	(240,000)	(13,608)
December 31, 2010	December 22, 2009	Agent	0.17	(410,000)	(16,605)
Balance, end of year				1,200,000	$ 47,796

Expiry date	Issuance date	Type	Exercise price ($)	Number	Value	Remaining contractual life (months)
October 31, 2011	October 31, 2009	Common shareholder	0.17	1,200,000	$47,796	10

The fair value of the warrants was estimated using Black-Scholes model with the following weighted average inputs:

	June 2011
Share price	$0.12
Exercise price	0.20
Expected term	2 years
Risk-free interest	1.58%
Expected dividends	nil
Volatility	92%

11. Related party transactions

In addition to the related party amounts described in notes 8 and 9 (g) , the Company has entered into various transactions with corporations that are controlled by officers and directors of the Company and corporations that either control Enterprise or have common ownership.

Related party transactions not otherwise disclosed are as follows:

The Company paid $24,000 for premises rented for the Company's office in Slave Lake during the six month period ended June 30, 2011 (Year ended December 31, 2010 - $48,000) to a company controlled by a director.

The Company paid $87,000 for the rental of equipment during the six month period ended June 30, 2011 (Year ended December 31, 2010 - $58,000) to a company controlled by a director.

The Company paid $18,000 for the rental of yard premises in Innisfail, Alberta, during the six month period ended June 30, 2011 (Year ended December 31, 2010 - $nil) to a company controlled by a director.

The above related party amounts outstanding as at June 30, 2011 are $nil.

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

Key management personnel compensation comprised:

	Six months June 30, 2011	Six months June 30, 2010	Year December 31, 2010
Salaries and directors' fees	**$ 409,220**	$ 419,810	$ 849,508
Share-based payments	**118,063**	72,876	167,008
	$ 527,283	$ 492,686	$ 1,016,516

12. Changes in non-cash working capital

	Six months June 30, 2011	Six months June 30, 2010
Trade and other receivables	**$566,471**	$524,927
Unbilled revenue	**56,627**	-
Inventories	**(20,781)**	(158,084)
Deposits and prepaid expenses	**(265,834)**	60,937
Trade and other payables	**(286,956)**	(754,765)
	$49,527	$(326,985)

13. Transition to IFRS

As stated in Note 3, the Company adopted *IFRS* effective January 1, 2011 with a transition date of January 1, 2010.

The Company followed the provisions of *IFRS 1*, *First-Time Adoption of International Financial Reporting Standards* in preparing its opening *IFRS* balance sheet. Certain of the Company's *IFRS* accounting policies used for this opening balance sheet differed from its Canadian GAAP policies applied at the same date. The resulting adjustments arose from events and transactions before the date of transition to *IFRS*. Therefore as required by *IFRS1*, those adjustments were recognized directly through retained earnings (or another category of equity where appropriate) as of January 1, 2010 in accordance with the general rules of *IFRS1* which is to apply *IFRS* retrospectively. This note explains the principal adjustments made in restating its Canadian GAAP statements.

13. Transition to IFRS continued:

Reconciliation of the consolidated statements of financial position from Canadian GAAP to IFRS

At the end of the reporting quarter under Canadian GAAP – June 30, 2010:

	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Cash and cash equivalents	**$ 534,583**	$ -	$ 534,583
Trade and other receivables	**3,486,883**	-	3,486,883
Inventories	**864,239**	-	864,239
Deposits and prepaid expenses	**296,505**	-	296,505
Total current assets	**5,182,210**	-	5,182,210
Property, plant and equipment (note 13 (a))	**9,765,956**	646,718	10,412,674
Intangible assets	**982,125**	-	982,125
Marketable securities	**32,000**	-	32,000
Deferred tax assets (note 13 (h))	**2,791,700**	(157,000)	2,634,700
Total non-current assets	**13,571,781**	489,718	14,061,499
Total assets	**$ 18,753,991**	$ 489,718	$ 19,243,709
Liabilities			
Bank indebtedness (note 9)	**$ 3,710,043**	$ -	$ 3,710,043
Trade and other payables	**1,523,117**	-	1,523,117
Other loans payable	**380,000**	-	380,000
Current portion of long term loans and borrowings	**1,794,234**	-	1,794,234
Total current liabilities	**7,407,394**	-	7,407,394
Long term loans and borrowings	**69,957**	-	69,957
Total non-current liabilities	**69,957**	-	69,957
Total liabilities	**7,477,351**	-	7,477,351
Equity			
Share capital	**24,933,265**	-	24,933,265
Warrants	**78,009**	-	78,009
Contributed surplus	**1,446,295**	5,758	1,440,537
Deficit	**(15,180,929)**	(495,476)	(14,685,453)
Total equity	**11,276,640**	(489,718)	11,766,358
Total equity and liabilities	**$ 18,753,991**	$ (489,718)	$ 19,243,709

13. Transition to IFRS continued:

Reconciliation of the consolidated statements of financial position from Canadian GAAP to IFRS

At the end of the last reporting year under Canadian GAAP – December 31, 2010:

	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets			
Cash and cash equivalents	$ **392,032**	$ -	$ 392,032
Trade and other receivables	**2,729,006**	-	2,729,006
Unbilled revenue	**196,320**	-	196,320
Inventories	**714,846**	-	714,846
Deposits and prepaid expenses	**216,030**	-	216,030
Total current assets	**4,248,234**	-	4,248,234
Property, plant and equipment (note 13 (a))	**8,843,743**	687,677	9,531,420
Intangible assets	**909,375**	-	909,375
Marketable securities	**40,000**	-	40,000
Total non-current assets	**9,793,118**	687,677	10,480,795
Total assets	$ **14,041,352**	$ 687,677	$ 14,729,029
Liabilities			
Trade and other payables	$ **1,265,155**	$ -	$ 1,265,155
Term loan facility	**3,599,023**	-	3,599,023
Other loans payable	**1,048,482**	-	1,048,482
Current portion of long term loans and borrowings	**229,596**	-	229,596
Total current liabilities	**6,142,256**	-	6,142,256
Long term loans and borrowings	**828,655**	-	828,655
Total non-current liabilities	**828,655**	-	828,655
Total liabilities	**6,970,911**	-	6,970,911
Equity			
Share capital	**24,945,961**	-	24,945,961
Warrants	**47,796**	-	47,796
Contributed surplus (notes 13 (b) and (g))	**1,637,866**	16,788	1,621,078
Deficit	**(19,569,182)**	(704,465)	(18,864,717)
Accumulated other comprehensive income	**8,000**	-	8,000
Total equity	**7,070,441**	(687,677)	7,758,118
Total equity and liabilities	$ **14,041,352**	$ (687,677)	$ 14,729,029

13. Transition to IFRS continued:

Reconciliation of the consolidated statements of loss and comprehensive loss from Canadian GAAP to IFRS - for the three months ended June 30, 2010:

	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	$ 2,921,784	**$ -**	$ 2,921,784
Direct expenses	(2,876,088)	**-**	(2,876,088)
General and administrative expenses	(781,786)	**5,758**	(776,028)
Depreciation and amortization (note 13 (e))	(410,715)	**10,869**	(399,846)
Gain on sale of property, plant and equipment (note 13 (a))	13,851	**10,995**	24,846
Other income	4,960	**-**	4,960
	(1,127,994)	**27,622**	(1,100,372)
Finance expenses	(60,689)	**-**	(60,689)
Loss before income tax	(1,188,683)	**27,622**	(1,161,061)
Income tax recovery			
Deferred	327,000	**-**	327,000
Loss for the period	(861,683)	**27,622**	(834,061)
Comprehensive income for the period	-	**-**	-
Loss and comprehensive loss for the period	$ (861,683)	**$ 27,622**	$ (834,061)

13. Transition to IFRS continued:

Reconciliation of the consolidated statements of loss and comprehensive loss from Canadian GAAP to IFRS – for the six months ended June 30, 2010:

	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	$ 8,191,564	**$ -**	$ 8,191,564
Direct expenses	(7,700,684)	**-**	(7,700,684)
General and administrative expenses	(1,544,098)	**5,758**	(1,538,340)
Depreciation and amortization (note 13 (e))	(829,897)	**12,694**	(817,203)
Gain on sale of property, plant and equipment (note 13 (a))	18,409	**5,928**	24,337
Other income	3,101	**-**	3,101
	(1,861,605)	**24,380**	(1,837,225)
Finance expenses	(82,629)	**-**	(82,629)
Loss before income tax	(1,944,234)	**24,380**	(1,919,854)
Income tax recovery			
Deferred	535,000	**-**	535,000
Loss for the period	(1,409,234)	**24,380**	(1,384,854)
Comprehensive income for the period	-	**-**	-
Loss and comprehensive loss for the period	$ (1,409,234)	**$ 24,380**	$ (1,384,854)

13. Transition to IFRS continued:

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain *IFRSs* effective for December 2011 year-ends. The Company has applied the following exemptions:

(a) IFRS 1 election for deemed cost

The Company has elected to apply *IFRS 1 Deemed Cost* exemption to land, buildings, and light automotive equipment as at January 1, 2010. In accordance with *IFRS 1*, at the date of transition, the Company has measured land, buildings, and light automotive equipment at fair values.

All other property, plant and equipment is stated at historical cost less depreciation. Depreciation has been adjusted Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The effect is as follows:

Increase the carrying amount of land, buildings, and light automotive equipment at January 1, 2010	$	628,096
Decreased depreciation (note 13 (f))		12,694
Decrease in loss on sale of property, plant and equipment		5,928
IFRS adjustment for property, plant and equipment at June 30, 2010	$	646,718
Increase the carrying amount of land, buildings, and light automotive equipment at January 1, 2010	$	628,096
Decreased depreciation (note 13 (f))		76,996
Increase in loss on sale of property, plant and equipment		(17,415)
IFRS adjustment for property, plant and equipment at December 31, 2010	$	687,677

(b) Share-based payments

The Company has elected to not apply *IFRS 2 Share-Based Payment* to equity instruments related to share-based compensation arrangements that were granted on or before November 7, 2001 that vested before January 1, 2010. All options issued by the Company were vested as at December 31, 2009.

The effect is $nil to contributed surplus and deficit at the date of transition, January 1, 2010.

(c) Business combinations

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries that occurred before January 1, 2010, as permitted by *IRFS1.*

(d) Leases

The Company has elected to apply the *IFRS 1* exemption to leases. As a result, the Company has not reassessed any arrangements to determine whether they contain a lease if they have already been assessed under CGAAP.

(e) Estimates

In accordance with *IFRS 1*, an entity's estimate under *IFRS* at the date of transition to *IFRS* must be consistent with estimates made for the same date under previous CGAAP, unless there is objective evidence that those estimates were in error.

It has been determined that to include salvage values in the calculation of depreciation for all items in property, plant and equipment to more accurately allocate the costs of the assets to the periods in which they are used. Previously, the Company only included salvage values in the calculation of depreciation for its construction equipment. See note 13(a) for the effect of this change.

With the exception of the above estimates in depreciation with the use of salvage values in the calculation, the Company's *IFRS* estimates as at January 1, 2010, are consistent with its Canadian GAAP estimates for the same date.

13. Transition to IFRS continued:

(f) Depreciation

IFRS requires separation based upon its cost relative to the total cost of the asset. Under *IFRS* component accounting is required if the useful life and/or depreciation method for the component is different from the remainder of the asset.

There was no impact of this difference on adoption of *IFRS* at January 1, 2010.

(g) Share-based compensation

Under previous GAAP the Company's equity-settled share-based payments were measured at their fair value at the grant date. This amount was expensed to share-based compensation on the income statement on a straight-line basis over the vesting period. Forfeitures were accounted for as they occurred. Under *IFRS*, an estimate of forfeitures must be factored into the calculation of the expense at the grant date and any difference between the estimates and actual is recognized in the period when actual forfeitures are incurred.

The effect on loss for the year ended December 31, 2010, is a decrease share-based compensation, as recorded in general and administration expense by $16,788 with a corresponding change to contributed surplus.

(h) Deferred taxes

The deferred tax asset was decreased by $157,000 based on a tax rate of 25% on adoption of *IFRS* on January 1, 2010.

The benefit of the Company's future income tax asset has not been recognized in the audited consolidated financial statements at December 31, 2010 or the June 30, 2011, unaudited consolidated interim financial statements. The Company evaluates at each reporting date if this asset is "more likely than not" to be realized and resulted in a change in valuation allowance.

14. Segmented information

The Company operates in two main business segments in Western Canada, directional drilling, installation and maintenance of underground utilities in the utility and transportation infrastructure industry sector, along with pipeline and facilities construction and maintenance in the energy sector. The business segments presented reflect the management structure of the Company and the way the Company's management reviews business performance.

The accounting policies and practices of the reportable segments are the same as those described in note 4.

Six months ended June 30, 2011	Directional drilling and utility services	Pipeline, facilities construction and maintenance	Corporate	June 30, 2011
Revenues	$ 4,995,425	$ 1,851,316	$ -	$ 6,846,741
EBITDAS (i)	588,367	359,872	(1,092,221)	(143,982)
Depreciation and amortization	282,751	362,262	15,424	660,437
Interest and bank charges	187,691	343,910	80,874	612,475
(Gain) loss on sale of property, plant and equipment	(3,682)	(6,290)	5,691	(4,281)
Share-based payments	-	-	138,403	138,403
Income (loss) before taxes	$ 121,607	$ (340,010)	$ (1,332,613)	$ (1,551,016)
Total identifiable assets	$ 6,067,019	$ 6,758,008	$ 737,413	$ 13,562,440

14. Segmented information continued:

Three months ended June 30, 2011	Directional drilling and utility services	Pipeline, facilities construction and maintenance	Corporate	June 30, 2011
Revenues	$ 1,455,844	$ 1,159,919	$ -	$ 2,615,763
EBITDAS (i)	(154,073)	347,758	(639,663)	(445,978)
Depreciation and amortization	237,222	74,009	10,203	321,434
Interest and bank charges	87,208	151,408	67,774	306,390
(Gain) loss on sale of property, plant and equipment	(3,682)	(4,058)	5,691	(2,049)
Share-based payments	-	-	93,172	93,172
Income (loss) before taxes	$ (474,821)	$ 126,399	$ (816,503)	$ (1,164,925)
Total identifiable assets	$ 6,067,019	$ 6,758,008	$ 737,413	$ 13,562,440

Six months ended June 30, 2010	Directional drilling and utility services	Pipeline, facilities construction and maintenance	Corporate	June 30, 2010
Revenues	$ 4,119,075	$ 4,072,489	$ -	$ 8,191,564
EBITDAS (i)	1,448,729	(772,308)	(1,553,808)	(877,387)
Depreciation and amortization	289,637	502,248	25,318	817,203
Interest and bank charges	26,573	74,483	72,024	173,080
(Gain) loss on sale of property, plant and equipment	8,565	(32,901)	-	(24,336)
Share-based payments	-	-	76,520	76,520
Income (loss) before taxes	$ 1,123,954	$ (1,316,138)	$ (1,727,670)	$ (1,919,854)
Total identifiable assets	$ 6,561,159	$ 9,107,974	$ 939,876	$ 16,609,009

Three months ended June 30, 2010	Directional drilling and utility services	Pipeline, facilities construction and maintenance	Corporate	June 30, 2010
Revenues	$ 1,750,771	$ 1,171,013	$ -	$ 2,921,784
EBITDAS (i)	441,060	42,235	(1,097,786)	(614,491)
Depreciation and amortization	235,771	158,068	6,007	399,846
Interest and bank charges	13,935	10,597	70,518	95,050
(Gain) loss on sale of property, plant and equipment	8,565	(33,411)	-	(24,846)
Share-based payments	-	-	76,520	76,520
Income (loss) before taxes	$ 182,789	$ (93,019)	$ (1,250,831)	$ (1,161,061)
Total identifiable assets	$ 6,561,159	$ 9,107,974	$ 939,876	$ 16,609,009

(i) EBITDAS represents earnings or loss before interest, income taxes, depreciation and amortization, and share-based payments. EBITDAS is not a standard measure that has any standardized meaning prescribed by GAAP and is considered to be a non-GAAP measure. Therefore, this measure may not be comparable to similar measures presented by other companies. This measure has been described and presented in the same manner in which the chief operating decision-maker makes operating decisions and assesses performance.