ENTERPRISE

GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and nine months ended September 30, 2013 and 2012

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three and nine months ended September 30, 2013 have not been reviewed by the Company's external auditors.

Condensed Consolidated Interim Statements of Financial Position

		September 30, 2013 (Unaudited)		December 31, 2012 (Audited)
Assets				
Cash and cash equivalents	$	**4,631,368**	$	1,151,616
Trade and other receivables		**9,595,953**		6,076,583
Unbilled revenue		**1,147,012**		414,498
Inventories		**1,366,935**		591,206
Deposits and prepaid expenses		**2,998,017**		659,417
		19,739,285		8,893,320
Property, plant and equipment (note 5)		**25,723,011**		15,899,329
Investment property (note 6)		**3,565,000**		-
Goodwill (note 3)		**6,903,518**		1,558,530
Intangible assets		**1,041,292**		1,213,785
Marketable securities		**-**		16,000
Deferred tax assets		**1,935,581**		869,468
		39,168,402		19,557,112
Total assets	$	**58,907,687**	$	28,450,432
Liabilities				
Trade and other payables	$	**3,638,972**	$	1,528,819
Current portion of loans and borrowings (note 8)		**1,681,189**		924,801
		5,320,161		2,453,620
Long-term portion of loans and borrowings (note 8)		**22,900,636**		12,371,887
Deferred tax liabilities		**2,863,742**		1,599,212
Total liabilities		**31,084,539**		16,424,719
Equity				
Share capital		**35,581,092**		25,921,249
Warrants		**138,378**		310,797
Convertible debenture		**271,195**		-
Contributed surplus		**2,557,642**		2,106,922
Deficit		**(10,725,159)**		(16,297,255)
Accumulated other comprehensive loss		**-**		(16,000)
Total equity		**27,823,148**		12,025,713
Total equity and liabilities	$	**58,907,687**	$	28,450,432

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Director

(Signed) "John Pinsent, FCA, ICD.D." Director

Condensed Consolidated Interim Statements of Income and Comprehensive Income

(Unaudited)

	Three months September 30, 2013	Three months September 30, 2012	**Nine months September 30, 2013**	Nine months September 30, 2012
Revenue	**$ 10,002,040**	$ 4,333,529	**$ 23,737,273**	$ 11,856,398
Direct expenses	**(5,679,616)**	(2,761,877)	**(12,540,924)**	(7,590,057)
General and administrative expenses	**(1,967,130)**	(910,745)	**(5,631,961)**	(2,281,253)
Depreciation of property, plant and equipment	**(644,143)**	(329,674)	**(1,662,486)**	(867,113)
Amortization of intangible assets	**(55,501)**	(36,375)	**(172,492)**	(109,125)
Gain (loss) on sale of property, plant and equipment	**926**	(55,931)	**(45,799)**	(50,931)
Fair value adjustment	**-**	(29,716)	**-**	7,365
Other expense	**(14,350)**	(3,434)	**(3,003)**	(2,895)
Income from operations	**1,642,226**	205,777	**3,680,608**	962,389
Fair value adjustment on investment property	**1,515,000**	-	**1,515,000**	-
Finance expense	**(275,202)**	(135,426)	**(689,625)**	(306,551)
Income before income tax	**2,882,024**	70,351	**4,505,983**	655,838
Income tax				
Income tax recovery (note 7)	**1,066,113**	-	**1,066,113**	-
Net income	**$ 3,948,137**	$ 70,351	**$ 5,572,096**	$ 655,838
Other comprehensive loss				
Unrealized loss on marketable securities	**$ -**	$ (4,000)	**$ -**	$ -
Other comprehensive loss	**-**	(4,000)	**-**	-
Net income and comprehensive income	**$ 3,948,137**	$ 66,351	**$ 5,572,096**	$ 655,838
Earnings per share (note 10)				
Basic earnings per share	**$ 0.05**	$ 0.00	**$ 0.08**	$ 0.01
Diluted earnings per share	**$ 0.05**	$ 0.00	**$ 0.08**	$ 0.01

ENTERPRISE GROUP, INC.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

	Nine months September 30, 2013	Nine months September 30, 2012
Cash flows from operating activities:		
Income before income tax	**$ 4,505,983**	$ 655,838
Adjustments for:		
Depreciation of property, plant and equipment	**1,662,486**	867,113
Amortization of intangible assets	**172,492**	109,125
Loss on sale of property, plant and equipment and other assets	**57,799**	50,931
Share-based payments	**625,250**	91,480
Fair value adjustment	**(1,515,000)**	(7,365)
Finance expense	**689,625**	306,551
Change in non-cash working capital (note 12)	**(2,619,060)**	92,235
Net cash provided by operating activities	**3,579,575**	2,165,908
Cash flows from financing activities:		
Decrease in bank indebtedness	**-**	(962,200)
Proceeds from bank loan facility	**-**	5,706,019
Proceeds from other term loan facility	**-**	410,000
Proceeds from finance lease liabilities (note 12)	**452,083**	185,129
Proceeds from convertible debenture	**5,565,515**	-
Proceeds of mortgage facility	**1,500,000**	390,000
Interest and borrowing costs paid on loans and borrowings	**(721,004)**	(531,669)
Repayment of term loan	**(246,596)**	(1,452,344)
Repayment of other term loan facilities	**-**	(28,554)
Repayment of other loans payable	**-**	(69,921)
Repayment of vendor debt	**(500,000)**	-
Proceeds from (repayment of) bank loan	**4,355,274**	(1,620,000)
Repayment of finance lease liabilities	**(349,306)**	(396,995)
Repayment of mortgage facility	**(81,259)**	(394,996)
Private placement of issuance of common shares	**5,172,041**	-
Convertible debenture conversion to common shares	**584,000**	-
Share issue costs	**(30,816)**	-
Stock options exercised	**414,000**	-
Warrants exercised	**2,673,669**	-
Net cash from financing activities	**18,787,601**	1,234,469
Cash flows from investing activities:		
Cash paid for acquisition of subsidiary, net of cash acquired	**(12,780,000)**	351,307
Purchase of property, plant and equipment	**(4,088,895)**	(2,373,211)
Proceeds on sale of property, plant and equipment	**11,471**	152,411
Proceeds on sale of marketable security	**20,000**	-
Purchase of investment property	**(2,050,000)**	-
Net cash used by investing activities	**(18,887,424)**	(1,869,493)
Change in cash and cash equivalents	**3,479,752**	1,530,884
Cash and cash equivalents, beginning of period	**1,151,616**	357,203
Cash and cash equivalents, end of period	**$ 4,631,368**	$ 1,888,087

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

ENTERPRISE GROUP, INC.

Condensed Consolidated Statements of Changes in Equity

(Unaudited)

	Number of Common shares	Share capital	Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at December 31, 2011	54,766,697	$25,577,893	$313,710	$1,803,096	$ (4,000)	$(18,785,843)	$8,904,856
Issuance of common shares	2,000,000	500,000	-	-	-	-	500,000
Unrealized gain on marketable securities	-	-	-	-	-	-	-
Share-based payments	-	-	-	91,480	-	-	91,480
Net income	-	-	-	-	-	655,838	655,838
Balance as at September 30, 2012	56,766,697	$26,077,893	$313,710	$1,894,576	$(4,000)	$(18,130,005)	$10,152,174
Balance as at December 31, 2012	56,933,363	$25,921,249	$310,797	$2,106,922	$(16,000)	$(16,297,255)	$12,025,713
Issuance of common shares on acquisition (note 3)	727,908	500,000	-	-	-	-	500,000
Private placement (note 9)	12,787,586	4,802,723	550,481	-	-	-	5,353,204
Stock options exercised	2,700,000	588,530	-	(174,530)	-	-	414,000
Share issue costs	-	(121,398)	-	-	-	-	(121,398)
Warrants exercised	10,218,331	3,305,988	(722,900)	-	-	-	2,583,088
Unrealized gain marketable securities	-	-	-	-	16,000	-	16,000
Share-based payments	-	-	-	625,250	-	-	625,250
Convertible debenture	1,168,000	584,000	-	271,195	-	-	855,195
Net income	-	-	-	-	-	5,572,096	5,572,096
Balance as at September 30, 2013	84,535,188	$35,581,092	$138,378	$ 2,828,837	$-	$(10,725,159)	$27,823,148

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

1. Reporting entity

Enterprise Group, Inc. (“Enterprise” or the “Company”) is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol “E”. Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to install underground utilities and pipelines. Additionally, the Company rents heavy equipment and flameless heating units throughout Western Canada. On July 24, 2012, the Company changed its name to Enterprise Group, Inc. from Enterprise Oilfield Group, Inc. Enterprise’s head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

A significant portion of Enterprise’s operations relate to services provided to utilities/infrastructure construction customers in Alberta. The demand for these types of services typically peak during the summer and fall months due to increased subdivision activity and then gradually decline in the winter months due to frozen ground. This is followed by wet soil conditions in the spring due to spring thaw and rain. As a result, the second quarter is typically its slowest quarter of the year. The Company’s equipment rental operations that support the energy sector follow the 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 and other types of construction. As a result, demand for these types of services generally is the highest in the fall and winter quarters and the lowest in the second quarter.

The financial statements of the Company as at September 30, 2013, and December 31, 2012, are comprised of the Company and its wholly owned subsidiaries. The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 7, 2013.

2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with *International Accounting Standard "IAS" 34, "Interim Financial Reporting*" as issued by the *International Accounting Standards Board (“IASB”)*. These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2012 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2012.

3. Business acquisitions

On June 14, 2013 the Company acquired all of the issued and outstanding common shares of Calgary Tunnelling & Horizontal Augering Ltd. ("CTHA"), a privately held underground infrastructure construction company, for an aggregate purchase price of $12,000,000 plus working capital. The fair value of of the total consideration paid was $15,794,000. The acquisition of CTHA is consistent with the Company’s strategy to acquire complementary companies in Western Canada consolidating capital, management and human resources to support continued growth. The Company accounted for the acquisition using the acquisition method and the operations of CTHA have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with CTHA comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. Goodwill and intangible assets acquired are $5,345,000 and the goodwill is non-deductible for income tax purposes.

The preliminary fair values of the net assets acquired and aggregate consideration given were as follows:

Working capital	$	4,258,000
Property, plant and equipment		7,292,000
Goodwill and intangibles		5,345,000
Deferred tax liability		(1,101,000)
Net assets acquired	$	15,794,000

The Company acquired the following in working capital:

Cash and cash equivalents	$	1,622,000
Trade and other receivables		2,121,000
Inventory		748,000
Trade and other payables		(233,000)
Fair value	$	4,258,000

The Company acquired the following in property, plant and equipment:

Buildings	$	149,000
Computers and communication equipment		10,000
Small equipment		523,000
Light automotive equipment		550,000
Heavy automotive, construction and portable rental equipment		6,060,000
Fair value	$	7,292,000

The fair value of the purchase consideration is comprised of the following:

Cash	$	14,402,000
Vendor take back loans (note 8 (c))		892,000
Common shares - 727,908 shares with a fair value of $0.6869 per share based on share price at date of issue		500,000
Total consideration paid	$	15,794,000

The above purchase price allocation is preliminary and was conducted based on a preliminary evaluation of the fair value of the assets and liabilities acquired. The purchase price allocation will remain preliminary until the Company completes its final evaluation.

The transaction costs of the acquisition include due diligence, legal and consulting costs and are expensed through the income statement.

Based on unaudited financial information available, management estimates that if the acquisition had occurred January 1, 2013, the Company's consolidated revenues and net income for the nine months ended September 30, 2013, would have been $28,433,515 and $6,383,645 respectively.

4. Financial instruments and risk management

(a) Fair value of financial instruments

The estimated fair value of the Company’s financial instruments approximates the amount for which the financial instrument could currently be exchanged in an arm’s length transaction between willing parties who are under no compulsion to act. The carrying value of trade and other receivables, trade and other payables, and loans and borrowings approximate fair value because of the near term to maturity of these instruments. The carrying value of the new bank facility approximates their fair value at September 30, 2013, because the near term maturity of the instrument.

The carrying amounts presented in the balance sheet relate to the following categories of assets and liabilities.

	September 30, 2013	December 31, 2012
Financial assets		
Loans and receivables		
Cash and cash equivalents	**$4,631,368**	$1,151,616
Trade and other receivables	**9,595,953**	6,076,583
Available for sale		
Marketable securities	**-**	16,000
Financial liabilities		
Trade and other payables	**$3,638,972**	$1,528,819
Loans and borrowings	**24,581,825**	13,296,688

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(b) 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 through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the utilities/infrastructure construction industry, as well as customers in the oil and gas industry. 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 trade receivables 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.

At September 30, 2013, $2,892,777 or 30% of trade receivables was from one customer compared to as at December 31, 2012, $982,746 or 16% of trade receivables from one customer.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest and excluding the impact of netting agreements at September 30, 2013, and December 31, 2012:

September 30, 2013	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 3,638,972	$ 3,638,972	$ 3,638,972	$ -	$ -
Long term loans and borrowings including current portion	24,581,825	26,921,845	2,728,743	22,910,636	1,282,466
Operating lease commitments	-	2,411,788	666,751	1,745,037	-
	$ 28,220,797	$ 32,972,605	$ 7,034,466	$ 24,655,673	$ 1,282,466

December 31, 2012	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 1,528,819	$ 1,528,819	$ 1,528,819	$ -	$ -
Long term loans and borrowings including current portion	13,296,688	15,111,567	1,066,505	14,045,062	-
Operating lease commitments	-	1,036,984	321,224	715,760	-
	$ 14,825,507	$ 17,677,370	$ 2,916,548	$ 14,760,822	$ -

(d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, will affect the Company's income or the value of the financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at September 30, 2013, to impact the Company's annual interest expense by approximately $163,000. 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 the 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. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants, convertible debenture and deficit), other than amounts in accumulated other comprehensive income relating to the marketable securities. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

There has been no change in the covenants since December 31, 2012. The Company is in compliance with the required covenants at September 30, 2013 and expects to be in compliance with the required covenants at a minimum for the next twelve months.

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. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Property, plant and equipment

Cost or deemed cost	Balance at December 31, 2012	Additions	Disposals	Balance at September 30, 2013
Land	$ 375,000	$ -	$ -	$ 375,000
Buildings	472,524	131,000	-	603,524
Leasehold improvements	126,930	38,874	-	165,804
Computers and communication equipment	147,174	60,071	-	207,245
Small equipment	1,991,104	605,068	(200)	2,595,972
Light automotive equipment	1,449,187	899,765	(79,972)	2,268,980
Heavy automotive, construction and portable rental equipment	18,135,248	9,808,709	(29,106)	27,914,851
	$ 22,697,167	**$ 11,543,487**	**$ (109,278)**	**$ 34,131,376**

	Accumulated depreciation				Carrying amounts	
	Balance at December 31, 2012	Depreciation for the period	Disposals	Balance at September 30, 2013	Balance at December 31, 2012	Balance at September 30, 2013
Land	$ -	$ -	$ -	$ -	$ 375,000	$ 375,000
Buildings	14,975	4,382	-	19,357	457,549	584,167
Leasehold improvements	124,055	6,434	-	130,489	2,875	35,315
Computers and communication equipment	96,290	17,365	-	113,655	50,884	93,590
Small equipment	834,652	157,749	(188)	992,213	1,156,452	1,603,759
Light automotive equipment	724,557	148,551	(49,017)	824,091	724,630	1,444,889
Heavy automotive, construction and portable rental equipment	5,003,309	1,328,054	(2,803)	6,328,560	13,131,939	21,586,291
	$ 6,797,838	**$ 1,662,535**	**$ (52,008)**	**$ 8,408,365**	**$ 15,899,329**	**$ 25,723,011**

6. Investment property

On June 19, 2013, Enterprise acquired all of the issued and outstanding common shares of a company for total consideration of $2,050,000. This acquisition was not a business combination and the purchase price was allocated to the only asset acquired, which was investment property. The Company carries this asset at fair market value. On September 30, 2013, an independent professionally qualified appraiser valued the investment property at $3,565,000, as such the carrying value has been increased by $1,515,000 to agree to the valuation of $3,565,000 as reported.

7. Income tax expense

Actual income tax provision differs from the expected amount calculated by applying the statutory provincial and federal income tax rates to income before tax. These differences result from the following:

	September 30, 2013	December 31, 2012
Income before income tax	**$ 4,505,983**	$ 2,138,922
Expected tax rate	**25.0 %**	25.0 %
	1,126,496	534,731
Non-deductible amounts	**-**	42,263
Utilization of non-capital losses	**(1,126,496)**	(926,660)
Change in unrecognized deferred tax assets	**(1,066,113)**	-
Income tax recovery	**$ (1,066,113)**	$ (349,666)

As at September 30, 2013, the Company has non-capital losses carried forward of $3,507,877 (December 31, 2012 - $8,013,860) available to reduce future taxable income which expire between 2028 and 2033.

8. 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.

	September 30, 2013	December 31, 2012
Current loans and borrowings		
Current portion of vendor take-back loans	**$ 1,052,884**	$ 502,918
Term loan facilities	**302,569**	297,241
Current portion of finance lease liabilities	**227,911**	97,177
Current portion of mortgage facilities	**97,825**	27,465
Total current loans and borrowings	**1,681,189**	924,801
Non-current portion of loans and borrowings		
New bank loan facility	**14,759,272**	10,383,452
Vendor take-back loans	**527,214**	496,842
Convertible debenture	**4,763,022**	-
Term loan facilities	**717,970**	944,393
Finance lease liabilities	**457,667**	239,146
Mortgage facilities	**1,675,491**	308,054
Total non-current portion loans and borrowings	**22,900,636**	12,371,887
Total loans and borrowings	**$ 24,581,825**	$ 13,296,688

(a) New bank loan facility

On May 2, 2013, the Company increased its available bank loan facility from $12,500,000 to a maximum of $20,000,000. The new facility also allows for the Company's 2013 capital expenditure program to grow from $3,000,000 to $11,000,000. All other terms and conditions of the facility have not changed.

(b) Convertible debenture

On May 21, 2013, the Company completed a private placement of convertible unsecured subordinated debentures of the Company for gross proceeds of $5,999,000. The debentures have a two year term and bear contractual interest at 6% per annum payable June 30, 2013 and quarterly thereafter. The debentures are convertible into common shares of the Company at a price of $0.50 per share and have an effective rate of 13.2% per annum. All securities issued in connection with this offering were subject to a statutory four-month hold period from the date of issuance.

At initial recognition, the Company allocated the proceeds between liability and equity. The allocation was performed by first estimating the fair value of the debentures which is the liability in absence of the conversion feature using a market rate of 9%. The Company then used the residual method to determine the value of equity component represented by the conversion feature. The amounts allocated between liability and equity, net of transaction costs are $300,620 and $5,225,384 respectively. Subsequent to initial recognition, the liability component is amortized using the effective interest rate. The equity component is not re-measured after initial recognition.

(c) Vendor take-back loans

In connection with the financing of the CTHA acquisition per note 3, the Company agreed to vendor take-back loans of a fair value of $892,000 (face value of $1,000,000). The loans bear interest at an effective rate of 5% (stated rate of prime (3%)) and are payable over two years. Principal payments will be $500,000 plus accrued interest on June 14, 2014 and 2015.

(d) Mortgage facility

In connection with the acquisition of the investment property described in note 6, the Company obtained a mortgage facility in the amount of $1,500,000. The loan is repayable over 180 months and bears interest at prime plus 1% with monthly blended payments of $11,095. The mortgage is secured by a promissory note, first charge on the investment property and corporate guarantees.

9. Share-based payments

(a) Stock option program

The Company has a stock option plan 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 Company recorded share-based compensation expense of $625,250 for the nine months ended September 30, 2013. The weighted average fair value of options granted during the nine months ended September 30, 2013, was $0.21 estimated using the Black-Scholes Option Pricing Model, under the following assumptions:

	2013
Expected term	**2 years**
Risk-free interest	**1.1%**
Expected dividends	**nil**
Expected volatility	**80%**

(b) Share purchase warrants

On May 28, 2013, the Company closed a brokered private placement issuing 8,587,586 common shares of the Company at a price of $0.48 per share for aggregate gross proceeds of $4,122,000. The Company also issued to the agents 515,255 common share purchase warrants (broker warrants). Each broker warrant entitles the holder to acquire one common share at a price of $0.49 per share at any time prior to the date that is 12 months from closing. The broker warrants were valued at $90,685 using the Black-Scholes Option Pricing Model.

The fair value of the broker warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs.

	2013
Share price	$0.56
Exercise price	0.49
Expected term	12 months
Risk-free interest	1.09%
Expected dividends	nil
Volatility	66%

On February 12, 2013, the Company closed a non-brokered private placement of 4,200,000 units of the Company at a price of $0.25 per unit for aggregate gross proceeds of $1,050,000. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of $0.35 per warrant. The common share purchase warrants expired on August 12, 2013, subject to accelerated expiry in certain circumstances. The private placement included 310,000 units issued to related parties of the Company. The warrants were valued at $459,797 using the Black-Scholes Option Pricing Model.

The fair value of the warrants was estimated using Black-Scholes Option Pricing Model with the following weighted average inputs.

	2013
Share price	$0.43
Exercise price	0.35
Expected term	6 months
Risk-free interest	1.13%
Expected dividends	nil
Volatility	55%

10. Earnings per share

The income available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted earnings per share at September 30, 2013 are:

	Three months September 30, 2013	Three months September 30, 2012	**Nine months September 30, 2013**	Nine months September 30, 2012
Weighted average common shares outstanding – basic	**82,454,753**	55,114,523	**70,119,698**	54,883,485
Effect of stock options and warrants	**3,209,925**	3,351,429	**2,197,263**	3,491,011
Weighted average common shares – diluted	**85,664,678**	58,465,952	**72,316,961**	58,374,496
Net income	**$ 3,948,137**	$ 70,351	**$ 5,572,096**	$ 655,838
Basic earnings per share	**$ 0.05**	$ 0.00	**$ 0.08**	$ 0.01
Diluted earnings per share	**$ 0.05**	$ 0.00	**$ 0.08**	$ 0.01

In calculating diluted earnings per common share for the three and nine months ended September 30, 2013, the Company did not exclude any stock options or warrants (three and nine months ended September 30, 2012 – 75,000 and 475,000 stock options respectively and 7,284,997 warrants in both periods were excluded, as their impacts were anti-dilutive.)

11. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company and corporations that have common ownership. These transactions were recorded at the exchange amount established and agreed to by the parties.

Nine months ended September 30	**2013**	2012
Rental of premises	**$-**	$71,000
Rental / purchase of equipment	**523,042**	227,250
Management and consulting fees	**557,457**	691,681
	$1,080,499	$989,931

During the quarter the Company was paid in full for the principle and interest for a loan advanced to a corporation controlled by two officers, three directors and a former director of the Company. The note was for $100,000 with interest charged at 12% per annum. The balance outstanding at September 30, 2013, is $nil and the Company earned $5,812 of interest during the life of the loan.

12. Supplemental cash flow information

Nine months ended September 30	**2013**	2012
a) Changes in non-cash working capital:		
Trade and other receivables	**$(1,398,370)**	$961,290
Unbilled revenue	**(732,514)**	(137,856)
Inventories	**(27,729)**	16,115
Deposits and prepaid expenses	**(2,338,600)**	171,223
Trade and other payables	**1,878,153**	(918,537)
	$(2,619,060)	$92,235
b) Other non-cash transactions:		
Inventories reclassified to property, plant and equipment	**$-**	$433,941
Equipment purchased under term loans	**-**	410,000
Equipment purchased under finance leases	**452,083**	185,129
	$452,083	$1,029,070

13. Segmented information

The Company operates in two main business segments in Western Canada, utilities/infrastructure construction and equipment rental. 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 the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2012.

Nine months ended September 30, 2013	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2013**
Revenues	$ 17,797,820	$ 5,939,453	$ -	$ 23,737,273
EBITDAS (i)	7,825,295	2,865,328	(2,897,811)	7,792,812
Depreciation and amortization	721,265	1,071,858	41,855	1,834,978
Interest and bank charges	240,505	367,653	172,644	780,802
Loss (gain) on sale of property, plant and equipment	17,329	29,396	(926)	45,799
Share-based payments	-	-	625,250	625,250
Income (loss) before taxes	$ 6,846,196	$ 1,396,421	$ (3,736,634)	$ 4,505,983
Total identifiable assets	$ 17,305,836	$ 34,990,220	$ 6,611,631	$ 58,907,687

For the nine months ended September 30, 2013, the Company generated 36% of revenue from one customer in the utilities/infrastructure construction division. No other customers comprise more than 10% of revenues.

Nine months ended September 30, 2012		**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2012**
Revenues	$	10,625,567 $	1,230,831 $	- $	11,856,398
EBITDAS (i)		3,647,857	(282,249)	(1,329,144)	2,036,464
Depreciation and amortization		437,299	512,306	26,633	976,238
Fair market value adjustment		(29,441)	29,035	(6,959)	(7,365)
Interest and bank charges		104,106	83,762	81,474	269,342
Gain on sale of property, plant and equipment		30,346	20,585	-	50,931
Share-based payments		-	-	91,480	91,480
Income (loss) before taxes	$	3,105,547 $	(927,937)$	(1,521,772)$	655,838
Total identifiable assets	$	9,999,530 $	12,503,549 $	1,996,872 $	24,499,951

Three months ended September 30, 2013		**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2013**
Revenues	$	9,640,012 $	362,028 $	- $	10,002,040
EBITDAS (i)		5,398,454	(456,714)	(1,055,092)	3,886,648
Depreciation and amortization		335,101	350,027	14,516	699,644
Interest and bank charges		81,020	129,808	95,078	305,906
Gain on sale of property, plant and equipment		-	-	(926)	(926)
Income (loss) before taxes	$	4,982,333 $	(936,549)$	(1,163,760)$	2,882,024
Total identifiable assets	$	17,305,836 $	34,990,220 $	6,611,631 $	58,907,687

For the three months ended September 30, 2013, the Company generated 42% of revenue from one customer in the utilities/infrastructure construction division. No other customers comprise more than 10% of revenues.

Three months ended September 30, 2012		**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2012**
Revenues	$	3,953,583 $	379,945 $	- $	4,333,528
EBITDAS (i)		1,437,193	(229,910)	(575,992)	631,291
Depreciation and amortization		157,842	198,417	9,790	366,049
Fair market value adjustment		512	29,035	169	29,716
Interest and bank charges		34,193	27,293	47,758	109,244
Loss on sale of property, plant and equipment		30,346	25,585	-	55,931
Income (loss) before taxes	$	1,214,300 $	(510,240)$	(633,709)$	70,351
Total identifiable assets	$	9,999,530 $	12,503,549 $	1,996,872 $	24,499,951

(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 *IFRS* and is considered to be a non-IFRS 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.