



Management's Discussion and Analysis

For the three months ended March 31, 2014 and 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2014 and 2013

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited condensed interim consolidated financial statements (the "Financial Statements") and the notes contained therein of Enterprise Group, Inc. ("Enterprise" or the "Company") for the three months ended March 31, 2014.

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"). The 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 2013 Audited Consolidated Financial Statements and the notes thereto, the 2013 MD&A and the 2013 AIF filed with Canadian regulatory agencies. The documents are available at www.sedar.com and at www.enterprisegrp.ca.

This MD&A was prepared effective May 8, 2014.

FORWARD-LOOKING INFORMATION

Certain information in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. Forward-looking statements may contain words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions and statements relating to matters that are not historical facts. These may include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to pipeline and facilities construction and maintenance services associated with the oil and gas and industries and utility services and the domestic and worldwide supplies and commodity prices of oil and gas.

These risks and uncertainties include, but are not limited to, seasonal weather patterns, maintaining and increasing market share, government regulation of energy and resource companies, terrorist activity, the price and availability of alternative fuels, the availability of pipeline capacity, potential instability or armed conflict in oil producing regions, overall economic environment, the success of integrating and realizing the potential of acquisitions, ability to attract and retain key personnel, technological change, demand for services provided by Enterprise, and fluctuations in the value of the Canadian dollar relative to the US dollar.

These risks and uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. The forward-looking information is based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change as a result of new information or future events. Readers should not place undue reliance on forward-looking information.

COMPANY PROFILE AND STRATEGY

The Corporation is a construction services company operating in the energy, utility and transportation infrastructure industry. The Corporation's focus is primarily underground construction and maintenance and specialty equipment rentals. With corporate headquarters in St. Albert, Alberta, Canada, a sales office in Calgary, Alberta and construction offices in Slave Lake, Sherwood Park, Morinville, Calgary, Edmonton, Rocky Mountain House, Drayton Valley, Hinton, Valleyview, and Grande Prairie, Alberta, and Pouce Coupe, British Columbia, Enterprise is strategically located near its customers. The Corporation's strategy is to acquire complementary service companies in Western Canada, consolidating capital, management and human resources to support continued growth.

Utility and Infrastructure Construction Services

Enterprise provides directional drilling and installation of underground power, telecommunications and natural gas lines to the utility infrastructure segment. These activities are conducted from the Corporation's Sherwood Park, Alberta construction office which operates as T.C. Backhoe and Directional Drilling, maintaining the namesake of a business unit that has provided services to customers since 1975. Customers include some of Canada's largest providers of telecommunications, cable television, electricity and natural gas services.

In June 2013, Enterprise became engaged in the highly specialized trenchless solutions field through its acquisition of Calgary Tunnelling & Horizontal Augering Ltd. Calgary Tunnelling was founded in 1984 and is a leader in this segment of the construction industry. This business unit utilizes a number of trenchless disciplines to complete projects efficiently and safely including laser guided boring and augering, pipe ramming and pipe jacking/tunnel boring. Calgary Tunnelling performs its services from the west coast through to central Canada across the energy, utility and infrastructure segments. Its clients range from Canada's largest rail companies and premier utility providers to leading infrastructure contractors and some of North America's largest pipeline companies.

Equipment Rental Services

Enterprise's heavy equipment rentals division, E One Limited, provides equipment rentals for both the oilfield and civil construction sectors and project crews constructing pipelines and facilities. E One has a modern fleet of heavy construction equipment including excavators, bulldozers, and pipe-layers. Construction contractors typically operate a core fleet and will rent when activity surpasses full utilization of their fleet. With a presence in Central and Northern Alberta, E One is well positioned to take advantage of high levels of construction activity relating to the energy sector.

In September 2012, Enterprise expanded its equipment rental division by acquiring Artic Therm. Founded in 1998, Artic Therm is an industry leader in providing flameless heat technology to the broad based construction and oil & gas industries in Western Canada. Artic Therm provides flameless heaters ranging in heat output from 375,000 British Thermal Units ("BTUs") to 3,300,000 BTUs.

On January 3, 2014, Enterprise began providing oilfield infrastructure site services and rentals through its acquisition of Hart Oilfield Rentals Ltd. ("Hart"). Hart is a full service oilfield site service infrastructure company providing services and rentals to its oil and gas customers operating within the Western Canadian Sedimentary Basin. Hart's rental fleet includes patent-pending highly efficient modular designs that provide its competitive advantage. Hart designs, manufactures and assembles its modular/combo equipment (including fuel, generator, light stand, sewage treatment, medic security and truck trailer combos), or when required, subcontracts manufacturing to local suppliers. Hart's broad conventional and modular/combo rental equipment fleet consists of approximately 1,500 pieces of equipment designed to provide "one-stop" on-site infrastructure to support drilling and completion operations.

Hart's principal office is located in Rocky Mountain House, Alberta where it operates from office and yard space used for storage of rental equipment as well as for manufacturing, repairs and maintenance of the equipment fleet. Hart services highly active plays of West Central Alberta and Northeast British Columbia, including Cardium, Duvernay, Montney and the Deep Basin from four service locations in Alberta (Drayton Valley, Valleyview, Grande Prairie and Hinton) and a fifth location in British Columbia (Pouce Coupe) where it maintains office and yard facilities.

Seasonality of Operations

The Corporation provides services to the oil and gas industry and infrastructure utility sectors. The oil and gas industry is seasonal in nature. In general, the level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw makes the ground unstable. Consequently, municipalities and provincial transportation authorities enforce road bans that restrict movement of rigs and other heavy equipment, thereby reducing activity levels. Certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the services of the Corporation. Services provided to the utility infrastructure sector tend to be more evenly distributed throughout the calendar year although the spring thaw does affect movement of equipment even in the urban/suburban areas resulting in April and May being the slowest months of the year historically.



HIGHLIGHTS

Financials

The first quarter of the 2014 fiscal year has been another strong quarter of growth and rapid change for Enterprise. The addition of Hart and the Company's enhanced business strategy has resulted in a significant improvement in operating results from the previous year. Improved economic factors, the expansion of service and rental fleets, the Company's ability to access capital and the additional equipment deployed in 2013 have all contributed to improved performance.

Consolidated:	Three months March 31, 2014	Three months March 31, 2013	Change
Revenue	\$21,107,305	\$8,904,380	\$12,202,925
Gross margin	\$10,529,435	\$5,201,966	\$5,327,469
Gross margin %	50%	58%	-8%
EBITDAS	\$7,046,966	\$3,901,300	\$3,145,666
Net Income	\$4,326,813	\$3,166,882	\$1,159,931
EPS	\$0.04	\$0.05	-\$0.01
Total Assets	\$131,378,174	\$31,185,747	\$100,192,427

As the Company is rapidly growing, additional one-time type costs are required to execute the Corporation's strategy. One-time costs include: acquisition costs, enhancements to and restructuring of operational infrastructure, and the integration costs for new subsidiaries. During the quarter, the Company incurred \$549,742 of one-time type costs that were expensed through the statement of income. The Company remains on track to deploy \$20,000,000 over the course of 2014 for the purpose of expanding its service equipment and rental fleets. These capital expenditures are intended to create improvements in both the Company's revenue and operating margins.

Acquisitions and Financings

One of Enterprise's key strategies is the acquisition of profitable, specialized companies that focus on Western Canadian operations:

- On January 3, 2014, the Company completed the acquisition of Hart Oilfield Rentals Ltd. ("Hart"), a private oilfield equipment service provider, for a purchase price of \$22,600,000 subject to closing adjustments. The acquisition was paid through a combination of net proceeds from the public offering of subscription receipts completed in December 2013, the issuance of 1,388,890 common shares of the Company at a price of \$0.72 per share, and funds available from the Company's credit facility. Hart is a full service oilfield site infrastructure company that provides both site services and equipment rentals to its oil and gas customers within the Western Canadian Sedimentary Basin. Hart's equipment fleet consists of approximately 1,500 owned pieces and an additional 500 pieces that have been rented in order to meet demand. To fund the acquisition in December 2013, the Company completed an overnight marketed public offering of subscription receipts to raise \$15,001,200 at \$0.72 per subscription receipt.
- On March 25, 2014, the Company completed a bought deal equity financing of 27,600,000 common shares of the Company, which included 3,600,000 Common Shares issued pursuant to the exercise in full of the financing's over-allotment option, at a price of \$1.00 per common share for aggregate gross proceeds of \$27,600,000. The Company has issued to the Underwriters 1,380,000 broker warrants. Each broker warrant will entitle the holder to acquire one common share at an exercise price of \$1.00 per share for a period of 24 months from the date of closing. The net proceeds will be used to accelerate the Company's capital expenditure program, as well as for general working capital purposes.
- Enterprise continued to build its relationship with PNC Bank Canada Branch to better support current operations and to provide an alternative method of financing future growth. In conjunction with and to partially fund the acquisition of Hart on January 3, 2014, the Company further increased its facility to a maximum of \$35,000,000.

OUTLOOK

The economy continues to gain momentum in Western Canada and expectations are that it will continue to grow through 2014. Economists at several Canadian banks are predicting that Western Canada will lead the nation in economic growth, and the Province of Alberta will lead all provinces in real GDP growth and employment growth in 2014 and 2015 due to robust activity in the energy and construction sectors. Management expects the Company's operations to continue to benefit from the economic growth in Western Canada.

The Company continues to refine its operational structure to create a platform for future growth. This platform is intended to identify opportunities for both increased efficiency and the creation of synergies between the Company's various business units.

The utilities/infrastructure construction division has been operating at or near capacity based on available assets deployed. Enterprise expects the acquisition of Calgary Tunnelling & Horizontal Augering Ltd. and the expansion of the division's service and equipment fleets to double the size of this division in 2014. In 2013, this division renewed a three year, multi-million dollar service contract with one of Canada's premier power suppliers and, due to the high level of service and quality of work, was also awarded a second contract from the same customer that is similar in size and scope. Also, the Company's major customers have indicated that the demand for quality work exceeds supply which has resulted in a backlog of projects.

The increased access to capital for many of the energy companies has resulted in an increase in the need for heavy and specialized equipment. This trend is continuing in 2014. Enterprise will continue to increase its specialized equipment rental fleet to meet the growing demand.

In 2013, the Company spent a significant amount of time and effort to complete the due diligence required to acquire Hart. Management expects that, with adequate capital asset investment, Hart will significantly contribute to the growth of Enterprise in 2014 and provide additional synergies and exposure in the specialized equipment markets in both Alberta and British Columbia. The positive impact of Hart is evident during the first quarter of 2014.

Management expects to continue to demonstrate strong organic growth from its operations due to ongoing demand for the Company's services and will continue to expand its service and rental fleets to meet demand. Management's 2014 capital budget of approximately \$20 million will be utilized as follows: i) approximately \$3 million towards the expansion of underground utility and tunnelling equipment; ii) approximately \$2 million towards the expansion of the utility hydro-vac fleet; and iii) approximately \$15 million towards acquiring additional oilfield service rental equipment and flameless heaters.



SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months March 31, 2014	Three months March 31, 2013
Revenue	\$21,107,305	\$8,904,380
EBITDAS	\$7,046,966	\$3,901,300
Net income	\$4,326,813	\$3,166,882
Basic earnings per share	\$0.04	\$0.05
Diluted earnings per share	\$0.04	\$0.05
Weighted average common shares outstanding - basic	114,087,254	59,538,178
Weighted average common shares outstanding - diluted	116,848,691	61,874,616
Total common shares outstanding	144,862,874	61,600,030
Total assets	\$131,378,174	\$31,185,747
Total liabilities	\$54,784,510	\$14,818,418
Total equity	\$76,593,664	\$16,367,329

Reconciliation of EBITDAS to Historical Results

	Three months March 31, 2014	Three months March 31, 2013
Statement of Income		
Income for the period	\$4,658,495	\$3,166,882
Add:		
Interest *	570,943	166,979
Depreciation and amortization **	1,573,140	550,039
Share-based payments	244,388	17,400
EBITDAS	\$7,046,966	\$3,901,300

* Interest includes short term interest and interest on long-term debt

** Depreciation and amortization includes loss on sale of equipment



OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The first quarter of the 2014 fiscal year has been another strong quarter of growth and rapid change for Enterprise. The addition of Hart and the Company's enhanced business strategy has resulted in a significant improvement in operating results from the previous year. Improved economic factors, the expansion of service and rental fleets, the Company's ability to access capital and the additional equipment deployed in 2013 have all contributed to improved performance.

Financial Highlights

Consolidated:	Three months March 31, 2014	Three months March 31, 2013	Change
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EPS	\$0.04	\$0.05	-\$0.01
Total Assets	\$131,378,174	\$31,185,747	\$100,192,427

Investment in Equipment and Operations

As the Company is rapidly growing, additional one-time type costs are required to execute the Corporation's strategy. One-time costs include: acquisition costs, enhancements to and restructuring of operational infrastructure, and the integration costs for new subsidiaries. During the quarter, the Company incurred \$549,742 of one-time type costs that were expensed through the statement of income.

Aligned with Enterprise's strategy to grow existing and acquired operations, in March 2014, the Company completed an equity raise of \$27,600,000 primarily for expanding its rental and service fleets. The majority of additional capital assets will be deployed in time for the start of Q4 2014.

Utilities/Infrastructure Division

Utilities/infrastructure construction:	Three months March 31, 2014	Three months March 31, 2013
Revenue	\$8,477,405	\$3,849,209
Increase	\$4,628,196	
EBITDAS	\$2,367,758	\$1,091,287
Increase	\$1,276,471	
Total Assets	\$37,067,489	\$9,663,558
Increase	\$27,403,931	

Quarterly growth in this division can be attributed to an increase in activity, projects from major customers, the acquisition of CTHA and the expansion of the service equipment fleet, which allowed the Company to increase its capacity. This division's EBITDAS margin of 28% reflects both a change in revenue mix due to the acquisition of CTHA and an increased use of third-party equipment necessitated by strong demand at T.C. Backhoe. This metric is expected to improve as new capital assets are purchased and subcontracted equipment is replaced. The Company's capital plan allocates the funds necessary to increase its hydrovac fleet to 20 units by the conclusion of 2014.

Equipment Rental Division

Equipment rental:	Three months March 31, 2014	Three months March 31, 2013
Revenue	\$12,629,900	\$5,055,171
Increase	\$7,574,729	
EBITDAS	\$5,875,401	\$3,524,497
Increase (decrease)	\$2,350,904	
Total Assets	\$57,593,387	\$18,305,450
Increase	\$39,287,937	



As a result of the addition of Hart on January 3, 2014, this division is significantly different from the 2013 comparative period. This division's EBITDAS margin of 47% reflects a change in revenue mix due to the acquisition of Hart, and is expected to improve as new capital assets are purchased and subcontracted equipment is replaced. During the quarter, the Company's heavy equipment rental fleet continued to operate at 70% capacity, which was within historical utilization levels of 60-95%. Revenue from the flameless heater fleet continued to be impacted by a number of project delays. Management expects these delayed projects to recommence during the latter half of 2014.

Selected Consolidated Expenses

Selected Consolidated Expenses:	Three months March 31, 2014	Three months March 31, 2013
General and administrative	\$3,156,468	\$1,286,360
Finance expense	\$570,943	\$183,568
Share based payments	\$244,388	\$17,400
Acquisition costs	\$244,242	\$nil

General and administrative expenses include administrative and office costs of the head office and all subsidiaries.

Finance expenses reflect interest charges on the convertible debentures issued in 2013 and the line of credit. The Company used its line of credit to support operations, fund capital expenditures and acquisitions as required.

Share-based payments reflect the fair value of stock options vested during the quarter. The Company will continue to utilize stock options as part of a compensation package to help align the goals of Enterprise and senior staff.

Acquisition costs include all due diligence and all other costs directly related to the acquisition of a company which have been expensed in the current period. These costs will fluctuate depending upon acquisition activity and the complexity associated with each acquisition.

Cash Flow Information

A summary of cash flow information for the three months ended March 31, 2014, and 2013, is set out below:

Cash Flow Information	Three months March 31, 2014	Three months March 31, 2013
Net cash provided by operating activities	\$565,657	\$3,258,571
Net cash provided by (used in) financing activities	51,724,183	(1,673,180)
Net cash (used in) provided by investing activities	(27,027,434)	(1,558,016)
Change in cash and cash equivalents	25,262,406	27,375
Cash and cash equivalents, beginning of period	4,568,288	1,151,616
Cash and cash equivalents, end of period	\$29,830,694	\$1,178,991

Net cash provided by operating activities was driven by an increase in net income, offset by an increase in working capital requirements in realizing the continued growth of the business.

Net cash provided by financing activities reflects the proceeds of equity issuances, proceeds from the exercise of stock options and warrants, as well as increased borrowings under the PNC facility to partially fund the purchase of Hart.

Net cash used by investing activities reflects the acquisition of Hart for \$26,883,000 and the additional investment of \$772,300 into capital assets to expand service equipment and rental fleets.



Segmented Information

The Company operates in two main business segments in Western Canada. The business segments presented reflect the management structure of the Company and the fashion in which management reviews business performance. The accounting policies and practices of the reportable segments are the same as those described in note 2 to the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2013.

Three months ended March 31	Utilities/infrastructure construction		Equipment rental		Corporate		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	\$8,477,405	\$3,849,209	\$12,629,900	\$5,055,171	\$nil	\$nil	\$21,107,305	\$8,904,380
EBITDAS	\$2,367,758	\$1,091,287	\$5,875,401	\$3,524,497	\$(1,196,193)	\$(714,484)	\$7,046,966	\$3,901,300
Depreciation, amortization and impairment losses	\$459,311	\$159,656	\$973,180	\$364,959	\$4,779	\$13,137	\$1,437,270	\$537,752
Interest and bank charges	\$281,143	\$51,837	\$275,927	\$109,448	\$13,873	\$5,694	\$570,943	\$166,979
Loss (gain) on sale of equipment	\$204,681	\$10,838	\$(68,811)	\$1,449	\$nil	\$nil	\$135,870	\$12,287
Share-based payments	\$nil	\$nil	\$nil	\$nil	\$244,388	\$17,400	\$244,388	\$17,400
Income (loss) before taxes	\$1,422,623	\$868,956	\$4,695,105	\$3,048,641	\$(1,459,233)	\$(750,715)	\$4,658,495	\$3,166,882
Total identifiable assets	\$37,067,488	\$9,663,558	\$57,593,387	\$18,305,450	\$37,069,549	\$3,216,739	\$131,730,424	\$31,185,747

SUMMARY OF QUARTERLY RESULTS

	2014	2013				2012			
	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	
Revenue	\$21,107,305	\$11,111,993	\$10,007,253	\$4,825,639	\$8,904,381	\$6,647,631	\$4,333,529	\$3,891,514	
Net income (loss) for the period	\$4,326,813	\$210,330	\$3,948,137	\$(1,542,924)	\$3,166,882	\$1,832,752	\$70,351	\$416,780	
Earnings (loss) per share - Basic and Diluted	\$0.04	\$0.00	\$0.05	\$(0.02)	\$0.05	\$0.03	\$0.00	\$0.01	

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

OUTSTANDING SHARE DATA

	May 8, 2014	March 31, 2014	December 31, 2013
Common shares outstanding	145,312,874	144,862,874	87,881,002
Stock options outstanding	6,525,000	6,975,000	8,100,000
Warrants outstanding	12,976,059	12,976,059	1,411,541
Total	164,813,933	164,813,933	97,392,543

The exercise of all outstanding warrants will generate a cash inflow of approximately \$12,740,000 to the Company.

OFF-BALANCE SHEET ARRANGEMENTS

Enterprise enters into short-term and long-term operating leases with various vendors to provide office space and equipment in our normal course of operations. Our commitments under operating leases are disclosed in the table labeled “contractual obligations.” Enterprise does not have any other off-balance sheet arrangements as at March 31, 2014.

RELATED PARTY TRANSACTIONS

The Company has entered into 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.

	Three months March 31, 2014
Management and consulting fees	\$179,652

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The following are significant management judgements, apart from those involving estimation uncertainty, in applying the accounting policies of the Company that have the most significant effect on the financial statements.

i. Leases

Management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership. Management evaluates the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

ii. Deferred taxes

Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on the Company’s forecasted budget. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then the asset is recognized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed by management based on specific circumstances.

ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts included in the financial statements included, but were not limited to, the following:

i. Share-based payments

The Company estimates the fair value of stock option awards using the Black-Scholes Option Pricing Model. Certain key assumptions used in the model include the expected interest rate, expected volatility, forfeitures, dividend yield and expected term.

ii. Property, plant and equipment and intangible assets

The Company estimates useful life, residual value and depreciation methods based on industry norms, historical experience, market conditions and future cash flows. It is possible that future results could be materially affected by

changes in the above factors.

iii. Investment property

The determination of the fair value of the investment property requires the use of estimates based on local market conditions existing at the reporting date. In arriving at estimates of market values, the Company uses an expert in order to apply market knowledge and professional judgement.

iv. Convertible debentures

The valuation of the liability and equity components of the convertible debenture requires the use of estimates in determining the fair value of the two components which include the interest rate that would be obtained on a similar instrument that is not convertible.

v. Business combinations

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property, plant and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property, plant and equipment and intangible assets acquired, the Company may rely on independent third party valuers. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.

vi. Impairments

An asset or cash generating unit (CGU) is impaired when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to sell and value in use. This calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The calculation is based on a discounted cash flow model, which incorporated the Company's budget and business plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections the Company uses estimates of economic and market information over the projection period, including growth rates in revenues, estimates of future expected changes in operating margins, and cash expenditures. Other significant estimates and assumptions include future estimates of capital expenditures and changes in future working capital requirements.

vii. Income tax

The Company follows the asset/liability method for calculating deferred income taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

RISKS AND UNCERTAINTIES

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. The following 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.

The Board of Directors oversees management's 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.

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 basis. Losses from trade accounts receivable have not historically been significant. As such the Company has recorded a provision of doubtful accounts at March 31, 2014 of \$nil (December 31, 2013 - \$nil).

At March 31, 2014 \$5,104,000 or 27% of trade receivables were from 2 customers compared to \$925,000 or 12% from 1 customer at December 31, 2013.

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, excluding interest and the impact of netting agreements at March 31, 2014:

Contractual Obligations March 31, 2014	Total	2015	2016	2017	2018	2019	After 5 years
Trade and other payables	\$7,520,858	\$7,520,858	\$nil	\$nil	\$nil	\$nil	\$nil
Loans and borrowings	\$42,270,781	\$3,994,911	\$4,357,761	\$1,452,092	\$30,757,940	\$666,202	\$1,041,875
Operating lease commitments	\$3,097,114	\$825,407	\$652,010	\$604,821	\$595,936	\$340,690	\$78,250
Total contractual obligations	\$52,888,753	\$12,341,176	\$5,009,771	\$2,056,913	\$31,353,876	\$1,006,892	\$1,120,125

The Company has no significant commitments to capital resources other than those disclosed in this MD&A.

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. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at March 31, 2014 to impact the Company's annual interest expense by approximately \$378,000 (2013 - \$80,000). 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.

Financial Instruments and Business Risks

The Company classifies financial assets and liabilities as either fair value through profit and loss, available-for-sale, loans and borrowings or loans and receivables. The classification of a financial asset or liability is determined at the time of initial recognition. Financial instruments are initially recognized at fair value and are measured subsequently as described below. The Company does not enter into derivative contracts.

i. Available-for-sale financial instruments

The Company's marketable securities are classified as available-for-sale. Fair value is determined by reference to the quoted closing bid price at the reporting date. Fair value changes, other than impairment losses, are recognized in other comprehensive income.

ii. Loans and receivables

The Company's cash and cash equivalents and trade and other receivables are classified as loans and receivables. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

iii. Loans and borrowings

The Company's loans and borrowings and trade and other payables are classified as loans and borrowings. Loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Financial instruments are classified into one of the following levels of fair value hierarchy.

Level 1 - Fair value measurements based on unadjusted quoted market prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Fair value measurements are based on inputs other than quoted prices included in Level 1 that are derivable from the asset or liability either directly or indirectly.

Level 3 - Fair value measurements based on unobservable market information.

Other Risks

Other risks include:

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

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

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

- **Weather** – The Company operates heavy equipment, the movement of which requires reasonable weather and road conditions. In the spring season this is especially true, with spring breakup making many secondary roads impassable. Since heavy equipment cannot be moved under these conditions, the Company's operating results are subject to significant decreases during this time period. To mitigate this risk, the Company is diversifying its operations to other industries enabling the Company to perform services elsewhere during the spring. The Company also rents flameless heaters which are in greater demand during cold weather. The extent of cold weather and the duration of winter will have a significant impact on operating results. To mitigate this risk, the Company is diversifying the use of the flameless heaters in warmer months.

- Available workforce – The ability to perform services is contingent upon sufficient and appropriately skilled staff being available. Obtaining personnel is crucial to the Company’s ability to meet demand for its services.
- Recession Risk – Although the current economic environment is recovering from the recent recession, the recovery is still fragile. Should economic environment slide into a double dip recession, demand for the Company’s services would be reduced and have a negative impact on revenues and earnings. This would result in the Company continuing to implement cost control measures and possibly expand its services into other industries in order to manage through the recession. Management has already implemented some cost cutting measures and is continuing to review other areas for possible cost savings.
- Cyclicalities – The Company has a significant portion of its revenues tied directly to oil and gas pipeline construction industry in Western Canada. These revenues are subject to any cyclicalities of the industry. To mitigate this risk the Company has diversified its revenue stream to include pipeline maintenance, transportation infrastructure, and directional drilling and installation of underground utility infrastructure, all of which are less seasonal than pipeline construction.
- Operating Risk and Liability Insurance – The Company believes the insurance coverage it has in place is appropriate for the nature of its services provided and its associated risks, however such coverage may not be adequate. To mitigate this risk, management reviews the Company’s insurance coverage on a regular basis.
- Competition – The Company’s ability to provide cost-effective, quality service to its customers is essential to help mitigate the Company’s business risk of competition.

A change in any one of these factors could have a material impact on the financial performance of the Company. The above discussion of risks is not intended to be all-inclusive. The intention of this discussion is to highlight for the reader what are typical risks for this industry and readers should carefully consider, among other things, the risks described herein and in the Company’s Annual Information Form dated March 27, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management’s Annual Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has used a recognized framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to evaluate the effectiveness of internal controls over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company’s internal control over financial reporting as of March 31, 2014, and has concluded that such internal controls over financial reporting were effective. There are no material weaknesses that have been identified by management in this regard.

NON-IFRS MEASURES

In addition to using financial measures prescribed by IFRS, a certain non IFRS measure is also used in this MD&A. This non IFRS measure is “EBITDAS”. References in this MD&A to EBITDAS are to earnings before interest, taxes, depreciation, amortization, impairment losses and share based payments. EBITDAS is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS.

Management believes that EBITDAS is an appropriate measure in evaluating the Company's performance. EBITDAS should not be construed as an alternative to net income or cash flow from operating activity (as determined under IFRS) as an indicator of financial performance or to cash flow from operating activities (as determined under IFRS) as a measure of liquidity and cash flow. The Company's method of calculating EBITDAS may differ from the methods used by other issuers and, accordingly, the Company's EBITDAS may not be comparable to similar measures used by other issuers. This non IFRS performance measure, EBITDAS, does not have any standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other companies. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure has been described and presented in the same manner in which the chief operating decision maker makes operating decisions and assesses performance.

Conclusion

Management's outlook for the Company and its services is optimistic. The economy is recovering, activity in the energy sector is increasing, and the service demands for equipment, and infrastructure and utility construction and services are growing. Management believes that Enterprise is relatively well positioned due to the diversity of its business and operational performance. Management also believes that a balanced and diversified position between infrastructure and utilities construction and specialized equipment rental is the best path to generating shareholder value.

Enterprise's customers include some of Canada's largest energy producers, telecommunication providers, utility service providers and the federal and provincial governments of Canada. The Company employs management experienced in infrastructure projects to spearhead more civic related construction and maintenance as there are inherent synergies in the equipment, crews and services provided.

With the diversification of our services, streamlining of our operations, our cash management measures, and the acquisitions of ATI in 2012, CTHA in 2013 and Hart in January 2014, we believe that Enterprise is relatively well positioned operationally to take advantage of the increased economic activity which should allow for improvement in financial performance.

Management remains confident in its strategic and operational plans and has a seasoned leadership team to guide the Company. Enterprise is committed to the further expansion of its customer base throughout the Western Canadian provinces and strives to provide excellent customer service and is excited about its future prospects.

ADDITIONAL INFORMATION

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

MANAGEMENT TEAM / BOARD OF DIRECTORS

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

Desmond O'Kell, Senior Vice President, Director and Corporate Secretary

Warren Cabral, CA, Chief Financial Officer

Doug Bachman, Chief Operating Officer

John Pinsent, FCA, ICD.D., Director

Manu Sekhri, Director

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