ENTERPRISE
GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three and nine months ended September 30, 2014 and 2013

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, 2014 have not been reviewed by the Company's external auditors.

Condensed Interim Consolidated Statements of Financial Position

	September 30, 2014 (unaudited)	December 31, 2013 (audited)
Assets		
Cash and cash equivalents	**$ 8,575,751**	$ 4,568,288
Trade and other receivables (note 4)	**16,016,750**	7,995,050
Unbilled revenue	**5,597,533**	2,683,241
Inventories	**2,371,573**	1,248,451
Deposits and prepaid expenses	**10,145,181**	2,484,648
	42,706,788	18,979,678
Property, plant and equipment (note 5)	**72,513,328**	32,858,230
Investment property (note 6)	**3,910,000**	3,565,000
Goodwill	**9,442,304**	4,758,304
Intangible assets (note 7)	**4,292,037**	3,769,612
Deferred tax assets	**2,648,374**	2,946,484
	92,806,043	47,897,630
Total assets	**$ 135,512,831**	$ 66,877,308
Liabilities		
Trade and other payables (note 4)	**$ 9,051,699**	$ 6,401,932
Income taxes payable	**485,440**	389,712
Current portion of loans and borrowings (note 8)	**5,175,971**	2,510,112
	14,713,110	9,301,756
Long term portion of loans and borrowings (note 8)	**34,546,314**	23,812,918
Deferred tax liabilities	**7,038,338**	4,217,338
Total liabilities	**56,297,762**	37,332,012
Equity		
Share capital	**75,670,413**	36,650,333
Warrants (note 10b)	**4,007,454**	453,916
Convertible debenture	**63,479**	221,242
Contributed surplus	**3,793,691**	2,734,634
Deficit	**(4,319,968)**	(10,514,829)
Total equity	**79,215,069**	29,545,296
Total equity and liabilities	**$ 135,512,831**	$ 66,877,308

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Director

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

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

Condensed Interim Consolidated Statements of Income and Comprehensive Income

(unaudited)

	Three months September 30, 2014	Three months September 30, 2013	**Nine months September 30, 2014**	Nine months September 30, 2013
Revenue	**$ 18,785,208**	$ 10,002,040	**$ 53,962,130**	$ 23,737,273
Direct expenses	**(11,850,910)**	(5,679,616)	**(30,972,331)**	(12,540,929)
Gross margin	**6,934,298**	4,322,424	**22,989,799**	11,196,344
General and administrative expenses	**(2,758,234)**	(1,967,130)	**(8,919,302)**	(5,006,708)
Acquisition costs (note 3)	**-**	-	**(244,242)**	-
Depreciation of property, plant and equipment	**(1,568,955)**	(644,143)	**(4,355,830)**	(1,662,483)
Finance expense	**(659,823)**	(275,202)	**(1,862,753)**	(689,625)
Share-based payments	**(412,868)**	-	**(1,210,652)**	(625,250)
Amortization of intangible assets	**(125,002)**	(55,501)	**(422,575)**	(172,492)
Gain (loss) on sale of property, plant and equipment	**109,704**	926	**189,523**	(45,800)
Fair value adjustment on investment property (note 6)	**345,000**	1,515,000	**345,000**	1,515,000
Other income	**26,217**	(14,350)	**79,731**	(3,003)
Income before income tax	**1,890,337**	2,882,024	**6,588,699**	4,505,983
Income tax recovery (expense)	**(352,250)**	1,066,113	**(393,838)**	1,066,113
Net income	**1,538,087**	3,948,137	**6,194,861**	5,572,096
Net income and comprehensive income	**$ 1,538,087**	$ 3,948,137	**$ 6,194,861**	$ 5,572,096
Earnings per share (note 11)				
Basic earnings per share	**$ 0.01**	$ 0.05	**$ 0.05**	$ 0.08
Diluted earnings per share	**$ 0.01**	$ 0.05	**$ 0.05**	$ 0.08

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

Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

	Nine months September 30, 2014	Nine months September 30, 2013
Cash flows from operating activities:		
Income before income tax	**$ 6,588,699**	$ 4,505,983
Adjustments for:		
Depreciation of property, plant and equipment	**4,355,830**	1,662,486
Amortization of intangible assets	**422,575**	172,492
(Gain) loss on sale of property, plant and equipment and other assets	**(189,523)**	57,799
Share-based payments	**1,210,652**	625,250
Fair value adjustment	**(345,000)**	(1,515,000)
Finance expense	**1,862,753**	689,625
Change in non-cash working capital (note 13)	**(14,538,428)**	(2,619,060)
Net cash provided by operating activities	**(632,442)**	3,579,575
Cash flows from financing activities:		
Proceeds from bank loan facility	**12,528,912**	4,355,274
Proceeds from finance lease liabilities	**-**	452,083
Proceeds from convertible debenture	**-**	5,565,515
Proceeds of mortgage facility	**-**	1,500,000
Interest and borrowing costs paid on loans and borrowings	**(1,751,786)**	(721,004)
Repayment of term loan	**(232,124)**	(246,596)
Repayment of finance lease liabilities	**(3,457,985)**	(349,306)
Repayment of mortgage facility	**(78,813)**	(81,259)
Repayment of vendor take-back loans	**(1,032,677)**	(500,000)
Issuance of common shares	**42,601,200**	584,000
Private placement of common shares	**-**	5,172,041
Share issue costs	**(4,232,234)**	(30,816)
Stock options exercised	**323,000**	414,000
Warrants exercised	**171,342**	2,673,669
Net cash provided by financing activities	**44,838,835**	18,787,601
Cash flows from investing activities:		
Cash paid for acquisition of subsidiary (note 3)	**(25,886,000)**	(12,780,000)
Purchase of property, plant and equipment	**(16,568,103)**	(4,088,895)
Proceeds on sale of property, plant and equipment	**2,255,173**	11,471
Proceeds on sale of marketable security	**-**	20,000
Purchase of investment property (note 6)	**-**	(2,050,000)
Net cash used by investing activities	**(40,198,930)**	(18,887,424)
Change in cash and cash equivalents	**4,007,463**	3,479,752
Cash and cash equivalents, beginning of period	**4,568,288**	1,151,616
Cash and cash equivalents, end of period	**$ 8,575,751**	$ 4,631,368

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

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

	Number of common shares	Share capital	Warrants	Contributed surplus	Convertible debenture	Accumulated other comprehensive Income (loss)	Deficit	Total
Balance 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	727,908	500,000	-	-	-	-	-	500,000
Private placement	12,787,586	4,802,723	550,481	-	-	-	-	5,353,204
Stock options exercised	2,700,000	588,530	-	(174,530)	-	-	-	414,000
Share issuance costs	-	(121,398)	-	-	-	-	-	(121,398)
Warrants exercised	10,218,331	3,305,988	(722,900)	-	-	-	-	2,583,088
Unrealized loss on marketable securities	-	-	-	-	-	16,000	-	16,000
Convertible debenture	-	-	-	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
Balance as at December 31, 2013	87,881,002	$36,650,333	$453,916	$2,734,634	$221,242	$-	$(10,514,829)	$29,545,296
Issuance of common shares on acquisition (note 3)	22,223,890	16,001,200	-	-	-	-	-	16,001,200
Issuance of common shares by prospectus	27,600,000	27,600,000	3,621,167	-	-	-	-	31,221,167
Stock options exercised	1,875,000	474,595	-	(151,595)	-	-	-	323,000
Share issue costs net of tax	-	(8,194,685)	-	-	-	-	-	(8,194,685)
Warrants exercised	276,736	238,970	(67,629)	-	-	-	-	171,341
Conversion of convertible debentures	5,800,000	2,900,000	-	-	(157,763)	-	-	2,742,237
Share-based payments	-	-	-	1,210,652	-	-	-	1,210,652
Net income	-	-	-	-	-	-	6,194,861	6,194,861
Balance as at September 30, 2014	145,656,628	$75,670,413	$4,007,454	$3,793,691	$63,479	$-	$(4,319,968)	$79,215,069

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 and to provide tunnelling services. Additionally, the Company rents heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise's head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at September 30, 2014, and December 31, 2013, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2014.

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 2013 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, 2013.

3. Business acquisitions

Hart Oilfield Rentals Ltd.

On January 3, 2014, the Company acquired all of the issued and outstanding common shares of Hart Oilfield Rentals Ltd. ("Hart"), a privately held oilfield site service infrastructure company, for an aggregate purchase price of $22,600,000 subject to certain adjustments. The fair value of of the total consideration paid was $26,618,000. The acquisition of Hart 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 Hart have been included in the consolidated financial statements from the date of acquisition. Goodwill acquired with Hart comprises the value of expected synergies arising from the acquisition and the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price is subject to adjustment based on working capital, long-term debt, approved capital commitments, and rental equipment under construction. Goodwill and intangible assets acquired are $5,629,000 and the goodwill is non-deductible for income tax purposes.

The preliminary allocation of the purchase price of the net identifiable assets based on their estimated fair values at the date of acquisition are as follows:

Working capital	$	2,881,000
Property, plant and equipment		20,929,000
Patent - estimated useful life of nine years (note 7)		103,000
Customer relationship - estimated useful life of ten years (note 7)		842,000
Goodwill		4,684,000
Deferred tax liability		(2,821,000)
Net assets acquired	$	26,618,000

The Company acquired the following in working capital:

Trade and other receivables	$	3,792,000
Inventory, deposits and prepaids		440,000
Trade and other payables		(1,351,000)
Fair value	$	2,881,000

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

Leasehold improvements	$	353,000
Computers and communication equipment		9,000
Small equipment		251,000
Light automotive equipment		1,169,000
Heavy automotive, construction and portable rental equipment		19,147,000
Fair value	$	20,929,000

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

Cash	$	25,886,000
Common shares - 1,388,890 with a deemed value of $0.72 per share		1,000,000
Common shares - fair value adjustment		(268,000)
Total consideration paid	$	26,618,000

The above purchase price allocation is preliminary and will remain preliminary until the Company's auditors complete their final evaluation.

The Company incurred acquisition costs of $244,242, which were expensed through the statement of income. This amount was comprised of due diligence, legal and interest costs.

As at the date of acquisition, the gross contractual amount of accounts receivable acquired were $3,792,000 of which 100% were estimated to be collectable.

Hart's revenues and EBITDA for the period since acquisition were $19,059,000 and $6,751,000 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 amounts presented in the balance sheet relate to the following categories of assets and liabilities.

	September 30, 2014	December 31, 2013
Financial assets		
Loans and receivables		
Cash and cash equivalents	**$ 8,575,751**	$ 4,568,288
Trade and other receivables	**$ 16,016,750**	$ 7,995,050
Financial liabilities		
Trade and other payables	**$ 9,051,699**	$ 6,401,932
Loans and borrowings	**$ 39,722,285**	$ 26,323,030

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. Losses from trade accounts receivable have not historically been significant. As such the Company has recorded a provision of doubtful accounts at September 30, 2014 of $nil (2013 - $nil).

At September 30, 2014, $2,052,000 or 14% of trade receivables was from one customer compared to $925,000 or 12% from one customer as at December 31, 2013.

	September 30, 2014	December 31, 2013
Current (less than 90 days)	**$ 13,294,931**	$ 6,638,227
Past due (more than 90 days)	**2,721,819**	1,356,823
Total	**$ 16,016,750**	$ 7,995,050

Included in trade receivables past due (more than 90 days) is $1,210,187 (2013 - $398,000) of holdback receivables.

(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 at September 30, 2014, and December 31, 2013:

September 30, 2014	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 9,051,699	$ 9,051,699	$ 9,051,699	$ -	$ -
Long term loans and borrowings including current portion	39,722,285	45,831,208	7,343,122	37,418,034	1,070,052
Operating lease commitments	-	3,062,740	909,699	2,153,041	-
	$ 48,773,984	**$ 57,945,647**	**$ 17,304,520**	**$ 39,571,075**	**$ 1,070,052**

December 31, 2013	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 6,401,932	$ 6,401,932	$ 6,401,932	$ -	$ -
Long term loans and borrowings including current portion	26,323,030	28,977,648	3,827,516	23,885,266	1,264,866
Operating lease commitments	-	2,261,590	656,022	1,605,568	-
	$ 32,724,962	$ 37,641,170	$ 10,885,470	$ 25,490,834	$ 1,264,866

(d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at September 30, 2014, to impact the Company's annual interest expense by approximately $291,000 (2013 - $123,000). 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.

The Company has met all its capital objectives at September 30, 2014.

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, 2013	Additions	Disposals	Balance at September 30, 2014
Land	$ 375,000	$ -	$ -	**$ 375,000**
Buildings	603,524	-	-	**603,524**
Leasehold improvements	185,642	530,299	-	**715,941**
Computers and communication equipment	231,479	140,335	-	**371,814**
Small equipment	2,611,574	485,856	(69,291)	**3,028,139**
Light automotive equipment	2,442,364	2,487,379	(177,142)	**4,752,601**
Heavy automotive, construction and portable rental equipment	34,237,668	38,089,937	(3,608,999)	**68,718,606**
Portable rental equipment under construction	1,215,941	5,950,147	(1,606,932)	**5,559,156**
	$ 41,903,192	**$ 47,683,953**	**$ (5,462,364)**	**$ 84,124,781**

	Accumulated depreciation				Carrying amounts	
	Balance at December 31, 2013	Depreciation for the period	Disposals	Balance at September 30, 2014	Balance at December 31, 2013	Balance at September 30, 2014
Land	$ -	$ -	$ -	**$ -**	$ 375,000	**$ 375,000**
Buildings	20,999	4,941	-	**25,940**	582,525	**577,584**
Leasehold improvements	134,650	18,156	-	**152,806**	50,992	**563,135**
Computers and communication equipment	121,933	35,442	-	**157,375**	109,546	**214,439**
Small equipment	1,047,864	253,290	(9,344)	**1,291,810**	1,563,710	**1,736,329**
Light automotive equipment	845,947	475,296	(125,714)	**1,195,529**	1,596,417	**3,557,072**
Heavy automotive, construction and portable rental equipment	6,873,569	3,569,109	(1,654,685)	**8,787,993**	27,364,099	**59,930,613**
Portable rental equipment under construction	-	-	-	**-**	1,215,941	**5,559,156**
	$ 9,044,962	**$ 4,356,234**	**$ (1,789,743)**	**$ 11,611,453**	**$ 32,858,230**	**$ 72,513,328**

Included in the carrying amount $72,513,328 is $5,559,156 (2013 - $1,215,941), of Heavy automotive, construction and portable rental equipment under construction, which is not being depreciated as it is not yet available for use.

Included in the additions of $47,683,953 is $20,929,000 of property plant and equipment related to the Hart acquisition.

Depreciation and impairment charge

The depreciation and impairment of property, plant and equipment, and any eventual reversal thereof, are recognized in depreciation expense in profit or loss.

6. Investment property

On June 19, 2013, Enterprise acquired all of the issued and outstanding common shares of Pro Tech Construction Inc. for total consideration of $2,050,000 which was subsequently valued at $3,565,000 by an independent professionally qualified appraiser on September 30, 2013; as such the carrying value was increased by $1,515,000. This acquisition was not a business combination and the purchase price was allocated to the only asset acquired, which was investment property. The Company classified this asset as level 3 on the fair value hierarchy. On September 30, 2014, an independent professionally qualified appraiser valued the investment property at $3,910,00; as such the carrying value has been increased by $345,000 to agree to the valuation of $3,910,000 as reported.

The appraisal was carried out using the Direct Comparison Approach which involves comparing similar properties that have sold or are listed for sale, often on a unit basis, applying adjustments for differences between the properties. The significant unobservable input is the adjustment for factors specific to the property. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for the valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

7. Intangible assets

Cost or deemed cost	Balance at December 31, 2013	Additions (note 3)	Balance at September 30, 2014
Patent	$ 350,284	$ 103,000	**$ 453,284**
Customer relationships	4,589,638	842,000	**5,431,638**
	$4,939,922	**$ 945,000**	**$5,884,922**

	Accumulated amortization			Carrying amounts	
Amortization and impairment losses	Balance at December 31, 2013	Amortization for the year	Balance at September 30, 2014	Balance at December 31, 2013	Balance at September 30, 2014
Patent	$ 54,211	$ 42,999	**$ 97,210**	$ 296,073	**$ 356,074**
Customer relationships	1,116,099	379,576	**1,495,675**	3,473,539	**3,935,963**
	$1,170,310	**$ 422,575**	**$1,592,885**	**$3,769,612**	**$4,292,037**

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, 2014	December 31, 2013
Current loans and borrowings		
Current portion of vendor take-back loans	**$ 511,679**	$ 1,025,878
Convertible debenture	**1,404,621**	-
Term loan facilities	**341,816**	332,118
Current portion of finance lease liabilities	**2,816,376**	1,051,189
Current portion of mortgage facilities	**101,479**	100,927
Total current loans and borrowings	**5,175,971**	2,510,112
Non-current portion of loans and borrowings		
Bank loan facility	**27,696,607**	15,187,137
Vendor take-back loans	**-**	492,601
Convertible debenture	**-**	4,050,780
Term loan facilities	**425,376**	596,435
Finance lease liabilities	**4,848,646**	1,836,837
Mortgage facilities	**1,575,685**	1,649,128
Total non-current portion loans and borrowings	**34,546,314**	23,812,918
Total loans and borrowings	**$ 39,722,285**	$ 26,323,030

(a) Bank loan facility

On January 3, 2014, the Company increased its available bank loan facility from $20,000,000 to a maximum of $35,000,000, and changed the capital expenditure covenant allowing the Company's 2014 capital expenditure program to grow from $11,000,000 to $20,000,000. As a result of the amendment, the Corporation is required to maintain on a rolling twelve-month basis, a senior leverage ratio (ratio of senior debt to trailing twelve month EBITDA) of not greater than 3.25:1.0, 3.00:1.0 beginning March 31, 2014, 2.75:1.0 beginning June 30, 2014, 2.50:1.0 beginning September 30, 2014, 2.25:1.0 beginning December 31, 2014 and thereafter 2.00:1.0 beginning March 31, 2015 until the facility matures, September 7, 2017. All other terms and conditions of the facility have not changed. As at September 30, 2014, the Company is in compliance with the required covenants.

9. Share capital

Authorized:

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

Changes in issued share capital are described in the Share-based payments note contained in these financial statements.

10. Share-based payments

(a) Stock option program (equity-settled)

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 issued 7,635,000 options for the three and nine months ended September 30, 2014. The weighted average fair value of the options granted was $0.36 estimated using the Black-Scholes Option Pricing Model with the following assumptions: expected term of 2 years; risk free interest rate of 1.08% - 1.14%; volatility of 80%; forfeiture rate of 0%.

Outstanding stock options September 30, 2014	Number	Weighted average exercise price		Weighted average remaining contractual life (months)
Stock options, beginning of period	8,100,000	$	0.62	27
Granted	7,635,000	$	0.83	34
Exercised	(1,175,000)	$	0.27	4
Stock options, end of the period	**14,560,000**	**$**	**0.73**	43
Exercisable stock options, September 30, 2014	**4,971,715**	**$**	**0.47**	22

(b) Share purchase warrants

Share purchase warrants September 30, 2014	Number	Weighted average exercise price		Value
Warrants, outstanding, beginning of period	1,411,541	$	0.76	$ 453,916
Issued	11,797,500	$	1.00	$ 3,621,167
Exercised	(276,736)	$	0.62	$ (67,629)
Warrants outstanding, September 30, 2014	**12,932,305**	**$**	**0.98**	**$ 4,007,454**

On December 13, 2013, the Company closed an overnight marketed public offering (the Offering) of subscription receipts of the Company. On January 3, 2014, proceeds from the offering were released from escrow and the 20,835,000 subscription receipts, at a price of $0.72 per subscription receipt for aggregate gross proceeds of $15,001,200, were converted into 20,835,000 common shares and 10,417,500 common share purchase warrants. Each share purchase warrant will entitle the holder thereof to acquire one common share at an exercise price of $1.00 per share for a period of 24 months following closing of the Offering. The share purchase warrants were valued at $3,031,493 using the Black-Scholes Option Pricing Model.

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

	2014
Share price	$0.79
Exercise price	$1.00
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

In addition, the Company issued to the Underwriters 1,250,100 of non-transferable common share purchase warrants (broker warrants) equal to 6% of the total number of subscription receipts issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.80 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at $425,534 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.

	2014
Share price	$0.79
Exercise price	$0.80
Expected term	24 months
Risk-free interest	1.07%
Expected dividends	nil
Volatility	80%

On March 25, 2014, the Company closed a bought deal of 27,600,000 common shares, at a price of $1.00 per common share for aggregate gross proceeds of $27,600,000. In addition, the Company issued to the Underwriters 1,380,000 of non-transferable common share purchase warrants (broker warrants) equal to 5% of the total number of common shares issued pursuant to the Offering. Each broker warrant will entitle the holder thereof to acquire one common share at an exercise price of $1.00 per share for a period of 24 months following closing of the Offering. The broker warrants were valued at $589,674 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.

	2014
Share price	$0.99
Exercise price	$1.00
Expected term	12 months
Risk-free interest	1.06%
Expected dividends	nil
Volatility	80%

11. 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, 2014 are:

	Three months September 30, 2014	Three months September 30, 2013	**Nine months September 30, 2014**	Nine months September 30, 2013
Weighted average common shares outstanding – basic	**145,496,628**	82,454,753	**135,093,423**	70,119,698
Effect of stock options and warrants	**2,736,975**	3,209,925	**3,346,479**	2,197,263
Weighted average common shares – diluted	**148,233,603**	85,664,678	**138,439,902**	72,316,961
Net income	**$1,538,087**	$3,948,137	**$6,194,861**	$5,572,096
Basic earnings per share	**$0.01**	$0.05	**$0.05**	$0.08
Diluted earnings per share	**$0.01**	$0.05	**$0.05**	$0.08

In calculating diluted earnings per common share for the nine months ended September 30, 2014, the Company excluded 3,965,000 stock options, the convertible debentures and 11,797,500 warrants (2013 – nil stock options and nil warrants respectively), as their impact was anti-dilutive.

12. 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	**2014**	2013
Rental / purchase of equipment	**$ -**	$ 523,042
Management and consulting fees	**526,305**	557,457
	$ 526,305	$ 1,080,499

13. Supplemental cash flow information

Nine months ended September 30	**2014**	2013
(a) Changes in non-cash working capital:		
Trade and other receivables	**$ (437,700)**	$ (1,398,370)
Unbilled revenue	**(2,914,292)**	(732,514)
Inventories	**(683,122)**	(27,729)
Deposits and prepaid expenses	**(10,505,219)**	(2,338,600)
Trade and other payables	**1,905**	1,878,153
	$ (14,538,428)	$ (2,619,060)
(b) Other non-cash transactions:		
Equipment purchased under finance leases	**$ 6,985,934**	$ 452,083

14. 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 note 2.

Nine months ended September 30, 2014	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2014**
Revenues	$ 28,828,687	$ 25,133,443	$ -	**$ 53,962,130**
EBITDAS [1]	8,321,121	9,160,269	(3,230,404)	**14,250,986**
Depreciation and amortization	1,609,744	3,153,605	15,056	**4,778,405**
Interest and bank charges	958,451	851,419	52,883	**1,862,753**
Loss (gain) on sale of property, plant and equipment	423,378	(612,901)	-	**(189,523)**
Share-based payments	-	-	1,210,652	**1,210,652**
Income (loss) before taxes	**$ 5,329,548**	**$ 5,768,146**	**$ (4,508,995)**	**$ 6,588,699**
Total assets	**$ 56,441,135**	**$ 57,033,087**	**$ 22,038,609**	**$ 135,512,831**

For the nine months ended September 30, 2014, the Company generated 38% of revenue from two customers (22% from one customer in the equipment rental division and 16% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

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 [1]	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
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 assets	$ 17,305,836	$ 34,990,220	$ 6,611,631	$ 58,907,687

Three months September 30, 2014	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2014**
Revenues	$ 12,039,727	$ 6,745,481	$ -	**$ 18,785,208**
EBITDAS	3,549,622	1,935,600	(937,941)	**4,547,281**
Depreciation and amortization	611,313	1,077,227	5,417	**1,693,957**
Interest and bank charges	362,344	281,971	15,508	**659,823**
Gain on sale of property, plant and equipment	118,613	(228,317)	-	**(109,704)**
Share-based payments	-	-	412,868	**412,868**
Income (loss) before taxes	**$ 2,457,352**	**$ 804,719**	**$ (1,371,734)**	**$ 1,890,337**
Total assets	**$ 56,441,135**	**$ 57,033,087**	**$ 22,038,609**	**$ 135,512,831**

For the three months ended September 30, 2014, the Company generated 36% of revenue from two customers (17% from one customer in the equipment rental division and 19% from one customer in the utilities/infrastructure construction division). No other customers comprise more than 10% of revenues.

Three months September 30, 2013	**Utilities/ infrastructure construction**	**Equipment rental**	**Corporate**	**September 30, 2013**
Revenues	$ 9,640,012	$ 362,028	$ -	$ 10,002,040
EBITDAS	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
Loss 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 assets	$ 17,305,836	$ 34,990,220	$ 6,611,631	$ 58,907,687

(1) 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.

15. Post-reporting date events

On October 15, 2014, Enterprise announced the completion of the acquisition of Westar Oilfield Rentals Inc. ("Westar"), a privately held oilfield site service infrastructure company for the aggregate purchase price of $13,500,000. Westar's equipment fleet currently consists of nearly 400 pieces. The purchase price will be satisfied through a combination of $10,000,000 cash, $2,000,000 in Enterprise shares (2,500,000 shares at a price of $0.80 per share), and $1,500,000 in vendor take-back financing, which will be paid over the next two years.

On October 15, 2014, Enterprise announced that it has accepted a term sheet presented by PNC Bank of Canada Branch to increase the Company's current senior secured finance facility from $35,000,000 to a maximum of $45,000,000. As a result of the amendment, the interest rate has been reduced to prime plus 1.5%, the capital expenditure covenant has been changed allowing the Company's capital expenditure program to grow from $20,000,000 to $25,000,000, and the senior leverage ratio has been fixed at 2.50:1.0. Enterprise used $5,000,000 from this facility to fund the acquisition of Westar.

On October 14, 2014, Enterprise sold the land and building previously being used by its heavy equipment rental business located in Slave Lake, Alberta. The net proceeds from the sale and remaining assets have been redeployed to enhance the equipment fleets of other subsiduaries.

16. Comparative numbers

Comparative numbers have been reclassified to conform to the current year presentation.