

ENTERPRISE OIL LIMITED

Consolidated Interim Financial Statements

(Unaudited)

For The Nine Month Period Ended June 30, 2006

(See Note 1)

ENTERPRISE OIL LIMITED

National Instrument 51-102 Continuous Disclosure Obligations

Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited consolidated interim financial statements of Enterprise Oil Limited for the nine month period ended June 30, 2006 have not been reviewed by the Company's auditors.

ENTERPRISE OIL LIMITED
Consolidated Interim Balance Sheet
June 30, 2006

As at	June 30 2006 <i>(Unaudited)</i>	September 30 2005 <i>(Audited)</i>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,821,103	\$ -
Accounts receivable	6,209,703	621,460
Work in progress	249,965	-
Prepaid expenses	215,864	11,500
	<u>8,496,635</u>	<u>632,960</u>
PROPERTY AND EQUIPMENT	7,947,105	2,335,387
GOODWILL	5,283,762	574,533
DEFERRED FINANCING AND ACQUISITION COSTS	170,925	201,824
	<u>\$ 21,898,427</u>	<u>\$ 3,744,704</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 1,734,748	\$ 65,442
Accounts payable	1,158,070	201,521
Income taxes payable	809,004	-
Current portion of long term debt	1,706,567	441,788
	<u>5,408,389</u>	<u>708,751</u>
LONG TERM DEBT	2,851,802	1,013,265
	<u>8,260,191</u>	<u>1,722,016</u>
SHAREHOLDERS' EQUITY		
Share capital	12,035,065	2,373,953
Contributed surplus	478,337	101,950
Retained earnings (deficit)	1,124,834	(453,215)
	<u>13,638,236</u>	<u>2,022,688</u>
	<u>\$ 21,898,427</u>	<u>\$ 3,744,704</u>

On behalf of the Board:

"Leonard D. Jaroszuk" Director

"Douglas C. Bachman" Director

See accompanying notes

ENTERPRISE OIL LIMITED
Unaudited Consolidated Interim Statement of Profit (Loss)
For The Nine Month Period Ended June 30, 2006

	<i>Three Months – June 30</i>	<i>Three Months – June 30</i>	<i>Nine Months – June 30</i>	<i>Nine Months – June 30</i>
	2006	2005	2006	2005
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE	\$ 6,077,844	\$ -	\$ 25,281,548	\$ -
DIRECT COSTS				
Trades and sub-contracts	2,458,498	-	8,178,323	-
Direct wages	1,940,627	-	6,331,041	-
Supplies and freight	636,693	-	1,756,644	-
Rentals	591,134	-	1,241,967	-
Fuel and oil	435,358	-	1,231,039	-
Camp costs	277,598	-	845,533	-
Repairs and maintenance	321,212	-	797,918	-
	6,661,120	-	20,382,465	-
GROSS PROFIT (LOSS)	(583,276)	-	4,899,083	-
GENERAL AND ADMINISTRATIVE EXPENSES (Schedule 1)	1,242,326	54,345	2,524,530	99,793
PROFIT (LOSS) FROM OPERATIONS	(1,825,602)	(54,345)	2,374,553	(99,793)
OTHER INCOME	4,325	6,309	12,500	22,591
PROFIT (LOSS) BEFORE INCOME TAXES	(1,821,277)	(48,036)	2,387,053	(77,202)
CURRENT INCOME TAXES (RECOVERY)	(547,906)	-	809,004	-
NET PROFIT (LOSS) FOR THE PERIOD	\$ (1,273,371)	(48,036)	\$ 1,578,049	(77,202)
Basic earnings (loss) per share	(\$.056)	(\$.005)	\$.089	(\$.009)
Diluted earnings (loss) per share	(\$.038)	(\$.005)	\$.061	(\$.008)
Weighted average number of common shares				
Basic	22,618,967	9,000,000	17,660,004	9,000,000
Diluted	33,662,884	9,900,000	25,722,123	9,900,000

See accompanying notes

ENTERPRISE OIL LIMITED
Unaudited Consolidated Interim Statement of Retained Earnings (Deficit)
For The Nine Month Period Ended June 30, 2006

	<i>June 30 - 2006 (Unaudited)</i>	<i>June 30 - 2005 (Unaudited)</i>
DEFICIT – BEGINNING OF PERIOD	\$ (453,215)	\$ (105,550)
Net profit (loss) for the period	<u>1,578,049</u>	<u>(77,202)</u>
RETAINED EARNINGS (DEFICIT) – END OF PERIOD	<u>\$ 1,124,834</u>	<u>\$ (182,752)</u>

See accompanying notes

ENTERPRISE OIL LIMITED
Unaudited Consolidated Interim Statement of Cash Flow
For The Nine Month Period Ended June 30, 2006

	<i>Three Months - June 30 2006 (Unaudited)</i>	<i>Three Months - June 30 2005 Unaudited)</i>	<i>Nine Months - June 30 2006 (Unaudited)</i>	<i>Nine Months - June 30 2005 (Unaudited)</i>
CASH PROVIDED BY (USED FOR) THE FOLLOWING:				
OPERATING ACTIVITIES				
Net profit (loss)	\$ (1,273,371)	\$ (48,036)	\$ 1,578,049	\$ (77,202)
Items not affecting cash:				
Amortization	625,652	-	1,049,780	-
Stock-based compensation	166,860	-	376,387	-
	<u>(480,859)</u>	<u>(48,036)</u>	<u>3,004,216</u>	<u>(77,202)</u>
Changes in non-cash working capital:				
Accounts receivable	4,488,428	1,248	(5,588,243)	(1,017)
Accounts payable	(1,409,560)	9,671	956,549	29,628
Income taxes payable	(547,906)	-	809,004	-
Work in progress	1,379,387	-	(249,965)	-
Prepaid expenses	(20,195)	(25,000)	(204,364)	(25,000)
	<u>3,890,154</u>	<u>(14,081)</u>	<u>(4,277,019)</u>	<u>3,611</u>
	<u>3,409,295</u>	<u>(62,117)</u>	<u>(1,272,803)</u>	<u>(73,591)</u>
INVESTING ACTIVITIES				
Acquisition of business	(4,709,229)	-	(4,709,229)	-
Purchase of property and equipment	(5,412,386)	-	(6,630,599)	-
	<u>(10,121,615)</u>	<u>-</u>	<u>(11,339,828)</u>	<u>-</u>
FINANCING ACTIVITIES				
Proceeds from long-term bank financing	2,959,933	-	3,512,790	-
Net proceeds on issuance of share capital	2,888,750	-	9,661,112	-
Repayment of long-term debt	(259,303)	-	(409,474)	-
	<u>5,589,380</u>	<u>-</u>	<u>12,764,428</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	(1,122,940)	(62,117)	151,797	(73,591)
Cash (deficiency) - beginning of period	1,209,295	1,643,756	(65,442)	1,655,230
CASH - END OF PERIOD	\$ 86,355	\$ 1,581,639	\$ 86,355	\$ 1,581,639
CASH FLOW SUPPLEMENTARY INFORMATION				
Interest paid	\$ 87,551	\$ 16	\$ 175,784	\$ 46
CASH CONSISTS OF:				
Cash and cash equivalents	\$ 1,821,103	\$ 1,581,639	\$ 1,821,103	\$ 1,581,639
Bank indebtedness	(1,734,748)	-	(1,734,748)	-
	<u>\$ 86,355</u>	<u>\$ 1,581,639</u>	<u>\$ 86,355</u>	<u>\$ 1,581,639</u>

See accompanying notes

ENTERPRISE OIL LIMITED

1. NATURE OF OPERATIONS

Enterprise Oil Limited ("Enterprise" or the "Company") incorporated under the Business Corporations Act of Alberta on March 23, 2004 and is publicly traded on the TSX Venture Exchange under the symbol "EON".

These unaudited consolidated interim financial statements are for the Company's nine month period ended June 30, 2006, and include the operations of Enterprise and its wholly owned subsidiaries, A. & G. Grant Construction Ltd. ("A & G") and Trevor King Oilfield Services Ltd. ("TKO").

A & G and TKO provide pipeline construction and oilfield maintenance services ("services"). The pipeline construction services include: low pressure gas tie-ins, insulated pipeline installation, cement-lined pipeline installation, fibreglass pipeline installation and water injection lines. The oilfield maintenance services include tying in wellheads and repairs and maintenance to lines.

On September 1, 2005, the Company completed an asset purchase agreement and began providing services primarily in the north-eastern region of Alberta through A & G. Prior to September 1, 2005, the Company's operations only consisted of identifying and evaluating an acquisition as a Capital Pool Corporation. After the asset purchase agreement was complete, the Company changed its fiscal year end to September 30 from December 31.

The Company purchased the shares of Trevor King Oilfield Services Ltd. ("TKO"), effective April 1, 2006. TKO provides services primarily in the central and eastern regions of Alberta.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's audited consolidated financial statements for the period ended September 30, 2005. These unaudited consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period ended September 30, 2005.

3. QUALIFYING TRANSACTION

Through A & G, the Company entered into an Asset Purchase Agreement dated August 3, 2005 with A & G Grant Construction (1983) Inc., an arm's length Alberta based private company involved in providing services. Pursuant to the Asset Purchase Agreement, the Company agreed to purchase the business assets of A & G Grant Construction (1983) Inc., other than real property. This transaction became effective on August 24, 2005 constituting the Qualifying Transaction and has been included in the consolidated financial statements since that date.

The table below details the aggregate purchase price, net assets and goodwill related to the acquisition.

Net assets acquired:

Property and equipment	\$	2,400,000
Deferred financing and acquisition costs		206,000
Goodwill		<u>574,533</u>
	\$	<u>3,180,533</u>

3. QUALIFYING TRANSACTION (continued)

ENTERPRISE OIL LIMITED

Consideration given was comprised of the following:

Cash	\$	2,550,000
Shares issued (200,000 shares at \$0.25 per share)		50,000
Financing and acquisition costs		206,000
Vendor debt		<u>374,533</u>
	\$	<u>3,180,533</u>

Goodwill resulting from the acquisition is deductible for income tax purposes.

In exchange for providing a guarantee for a \$1,100,000 bank loan required to complete the above acquisition, an officer and director of the Company received 600,000 common shares at a price of \$0.25/share.

4. BUSINESS ACQUISITION

On March 13th 2006, the Company announced the signing of a Share Purchase Agreement to acquire 100% of the shares of TKO, an arm's length Alberta based private company. Pursuant to the Share Purchase Agreement, the Company agreed to purchase the operations and debt of TKO, excluding real property,

The acquisition was accounted for using the purchase method whereby the purchase price was allocated to the net assets acquired based on their fair values as follows:

Net assets acquired:

Working capital (net)	\$	334,576
Property and equipment		3,971,490
Goodwill		4,709,129
Term and other debt		<u>(1,955,195)</u>
	\$	<u>7,060,000</u>

Consideration given was comprised of the following:

Cash	\$	4,600,000
Shares issued (1,000,000 shares at \$2.06 per share)		2,060,000
Vendor debt		<u>400,000</u>
	\$	<u>7,060,000</u>

ENTERPRISE OIL LIMITED

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	June 30 2006 Net book Value	<i>September 30 2005 Net book value</i>
Construction equipment	\$ 4,646,694	\$ 641,047	\$ 4,005,647	\$ 1,596,476
Automotive equipment	5,601,774	1,823,616	3,778,158	732,040
Office furniture and equipment	140,928	22,070	118,858	6,871
Leasehold improvements	52,285	7,843	44,442	-
	\$ 10,441,681	\$ 2,494,576	\$ 7,947,105	\$ 2,335,387

Amortization expense for the period is \$1,018,881 (2005 - \$nil).

6. DEFERRED FINANCING AND ACQUISITION COSTS

	June 30 2006	<i>September 30 2005</i>
Deferred financing and acquisition costs	\$ 206,000	\$ 206,000
Accumulated amortization	(35,075)	(4,176)
	\$ 170,925	\$ 201,824

The deferred financing and acquisition costs attributed to the specific acquisition are deferred and amortized on a straight-line basis over 5 years.

7. BANK INDEBTEDNESS

A & G has a revolving line of credit, payable on demand, secured by a general security agreement covering all assets, including continuing guarantees and general security agreements from the Company and TKO. The line of credit bears interest at prime plus 0.625%. The maximum financing available against this line is the lesser of \$2,500,000 (\$3,500,000 during the period November 1 to April 30th, annually) and 75% of eligible unencumbered accounts receivable as defined by the Bank.

At June 30, 2006, A & G had drawn \$210,000 against this line of credit (September 30, 2005 - \$nil).

TKO has a revolving line of credit, payable on demand, secured by a general security agreement covering all assets, including continuing guarantees and general security agreements from the Company and A & G. The line of credit bears interest at prime plus 0.625%. The maximum financing available against this line is the lesser of \$3,000,000 and 75% of eligible unencumbered accounts receivable as defined by the Bank.

At June 30, 2006, TKO had drawn \$210,000 against this line of credit (September 30, 2005 - \$nil).

Bank indebtedness includes cheques written and not cleared in excess of the bank balance.

ENTERPRISE OIL LIMITED

8. LONG TERM DEBT

The Company has an evergreen line of credit to finance equipment purchased for A & G and TKO. The maximum financing available against this line is \$1,500,000. This line of credit bears interest at prime plus 1.00% and is repayable in monthly blended payments over a term ranging from 24 to 60 months depending upon the age of the equipment financed. During the period, the Company drew \$670,603 (net) from this line to finance \$894,137 of equipment purchases. At June 30, 2006, the balance of this line of credit was \$566,702 (September 30, 2005 - \$nil).

The Company has a non-revolving term loan to finance the acquisition of A & G. The maximum financing available against this line is \$1,080,520, was fully drawn, with a balance of \$895,633 at June 30, 2006 (September 30, 2005 - \$1,080,520). This line of credit bears interest at prime plus 1.00% and is repayable in monthly blended payments of \$26,000 with the balance outstanding payable in full on August 31, 2009.

The Company has non-revolving term loan to finance the business acquisition and pay-out the term and other debt of TKO. The maximum financing available against this line is \$2,500,000, was fully drawn, with a balance of \$2,321,500 at June 30, 2006 (September 30, 2005 - \$nil). This line of credit bears interest at prime plus 1.00% and is repayable in monthly blended payments of \$59,500 with the balance outstanding payable in full on March 31, 2010.

The evergreen and non-revolving loans are secured by general security agreements, including a guarantee, postponement and assignment of claims from A & G and TKO and a guarantee limited to \$750,000 from an officer and director of the Company.

The Company has vendor debt from the qualifying transaction repayable in two installments of \$200,000 each on the first and second anniversary date of the closing date of the qualifying transaction. The vendor debt is subordinated to bank debt and is secured by a general security agreement issued by A & G. The vendor debt is carried at a fair value of \$374,533 (September 30, 2005 - \$374,533) and bears interest at nil%.

The Company has vendor debt from the business acquisition repayable on March 1, 2007. The vendor debt is subordinated to the bank debt and is secured by a promissory note issued by the Company. The vendor debt is carried at a fair value of \$400,000 (September 30, 2005 - \$nil) and bears interest at prime plus 2%. The interest is forgiven if the vendor debt is paid by March 1, 2007.

9. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2006, the Company paid \$104,480 (2005 - \$nil) for premises and equipment rent to a company controlled by a director of the Company. This transaction is recorded at the amount established and agreed to by the parties.

During this period, the Company paid \$148,500 (2005 - \$nil) for management services to a company controlled by an officer and director of the Company.

ENTERPRISE OIL LIMITED

10. SHARE CAPITAL

Authorized:

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

	<i>June 30</i> 2006	<i>September 30</i> 2005
Issued:		
23,370,000 Common shares	\$ 12,035,065	\$ 2,373,953

	<i>June 30</i> 2006		<i>September 30</i> 2005	
	Shares	Amount	Shares	Amount
Shares outstanding at the beginning of the period	11,841,200	\$ 2,373,953	9,000,000	\$ 1,663,653
Shares issued as consideration for qualifying transaction	-	-	200,000	50,000
Private placements for cash	7,788,600	6,767,460	2,000,000	500,000
Less share issue costs	-	(503,298)	-	-
Shares issued as consideration for loan guarantee	-	-	600,000	150,000
Exercise of broker options	546,500	158,475	41,200	10,300
Exercise of warrants	1,893,700	1,103,475	-	-
Exercise of stock options	300,000	75,000	-	-
Shares issued for business acquisition	1,000,000	2,060,000	-	-
Shares outstanding at the end of the period	23,370,000	\$ 12,035,065	11,841,200	\$ 2,373,953

Private placements

During the period ended June 30, 2006, the Company completed the private placement of 3,000,000 common shares at \$.50 per share and 4,788,600 common shares at \$1.10 per common shares (2005 - 2,000,000 common shares at \$.25 per share). Each placement carried warrants for the purchase of an equal number of common shares. The placement at \$.50 per share carried warrants at \$.75 expiring on November 21, 2006 and December 23, 2006 (2005 - \$.35 per share expiring on September 30, 2006). The placement at \$1.10 per share carried warrants at \$1.50 expiring on February 22, 2007.

Escrowed shares

As at June 30, 2006, the Company's transfer agent held 1,700,000 (September 30, 2005 - 3,800,000) common shares subject to a TSX Venture Exchange escrow agreement. These shares will be automatically released over time through to March 2007.

11. STOCK BASED COMPENSATION

ENTERPRISE OIL LIMITED

During the period ended June 30, 2006, the Company recorded stock compensation of \$376,387 (2005 - \$nil) regarding broker and stock options granted.

The Company granted 46,000 broker options with an exercise price of \$0.75/share and 478,860 broker options with an exercise price of \$1.10. These broker options expire December 23, 2006 and August 22, 2007, respectively. The fair value of these broker options of \$61,267 was recognized as an expense and credited to contributed surplus for the period. The Company used the Black-Scholes option pricing model to estimate the fair value of these options using an estimated risk free interest rate of 2.78% and 2.18%, respectively, an expected life of one year and one and one-half years, respectively, and expected volatility of 20%.

The Company granted 525,000 stock options with an exercise price of \$0.72/share, 485,000 stock options with an exercise price of \$1.80/share and 200,000 stock options with an exercise price of \$2.06/share. These options were granted to employees and directors of the Company. The fair value of these stock options of \$315,120 was recognized as an expense and credited to contributed surplus for the period. The Company used the Black-Scholes option pricing model to estimate the fair value of these options using an estimated risk free interest rate of 2.33%, 2.88% and 2.88%, respectively, an expected life of three years, and expected volatility of 20%.

Outstanding Share Purchase Warrants

As at June 30, 2006, the Company had 7,894,900 share purchase warrants outstanding (September 30, 2005 – 2,000,000) with a weighted average exercise price of \$1.14/share. These warrants expire as follows: 1,208,000 on September 30, 2006, 898,300 on November 21, 2006, 1,000,000 on December 23, 2006 and 4,788,600 on February 22, 2007. During the period 7,788,600 warrants were issued and 1,893,700 were exercised.

Outstanding Stock Options

As at June 30, 2006, the Company had:

- 1,890,000 (September 30, 2005 – 980,000) outstanding stock options with a weighted average exercise price of \$0.97/share. During the period 1,210,000 options were granted and 300,000 were exercised. All 1,890,000 stock options are exercisable; plus
- 537,160 (September 30, 2005 – 558,800) outstanding broker options with a weighted average exercise price of \$1.01/share. During the period 524,860 broker options were granted (478,860 carry a warrant to purchase one common share at \$1.50) and 546,500 broker options were exercised.

12. COMMITMENTS

The Company has lease commitments for office premises and vehicles that provide for minimum annual lease payments as follows:

2006	\$	62,478
2007		105,336
2008		110,160
2009		68,548
2010		34,092
		<hr/>
	\$	380,614

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current period's presentation.

ENTERPRISE OIL LIMITED

(Schedule 1)

Unaudited Consolidated General and Administrative Expenses For The Nine Month Period Ended June 30, 2006

	Three Months - June 30 2006 (Unaudited)	Three Months - June 30 2005 (Unaudited)	Nine Months - June 30 2006 (Unaudited)	Nine Months - June 30 2005 (Unaudited)
GENERAL AND ADMINISTRATIVE EXPENSES				
Office, travel and general	\$ 200,927	\$ 12,329	\$ 459,455	\$ 33,369
Stock-based compensation	166,860	-	376,387	-
Professional fees	107,335	42,000	314,623	66,378
Management fees	54,000	-	148,500	-
Interest on long term debt	58,996	-	98,496	-
Interest and bank charges	28,556	16	77,289	46
Amortization of intangible assets	10,299	-	30,899	-
Amortization of property and equipment	615,353	-	1,018,881	-
	\$1,242,326	54,345	\$2,524,530	99,793