ENTERPRISE OIL LIMITED

Management's Discussion and Analysis ("MD&A")

For The Three Month Period Ended December 31, 2006

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This discussion should be read in conjunction with the unaudited consolidated interim financial statements of Enterprise Oil Limited (the "Company" and/or "Enterprise") for the three month period ended December, 2006, as well as the supporting MD&A for that period. This MD&A was prepared effective February 27, 2007.

This report contains forward-looking statements which reflect management's expectations regarding the Company's future plans and intentions, results of operations, performance and business prospects and opportunities. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to describe these forward-looking statements. These statements reflect management's current beliefs and are based on the information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

Throughout this MD&A a certain measure has been used that is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"). The specific measures used are earnings before interest, taxes, depreciation and amortization ("EBITDA") and earnings before interest, taxes, depreciation, amortization and stock-based compensation ("EBITDAS"). Please review the discussion of this measure in the "NON-GAAP Measures" section of this MD&A.

COMPANY PROFILE

Enterprise Oil Limited (TSX Venture Exchange: TSX-V; Symbol "EON") is a growing pipeline construction and oilfield maintenance company serving the needs of Central and Northern Alberta's oilfields. With office headquarters in St. Albert, Alberta, Canada, sales offices in Calgary, Alberta, construction offices in Slave Lake and Wainwright, Alberta, and field offices in Wabasca, and Red Earth, Alberta and soon to be established field offices in Fox Creek and Grande Prairie, Alberta; Enterprise is strategically located near our customers. The Company's objective is to acquire, integrate and operate specialized, small to mid-sized growth oriented companies in the energy services sector throughout Central Alberta.

Enterprise constructs pipelines throughout Northern and Central Alberta, with a growing asset base of approximately $11 million including a fleet of over 160 trucks and heavy construction equipment. Our major projects are divided evenly between oil and gas markets, with the majority of work in construction of pipeline, up to 12" diameter steel.

Enterprise is focused on providing pipeline construction and oilfield maintenance services to the energy services industry. These services include pipeline construction, repairs and maintenance, wellhead tie-ins, water injection lines, facilities construction, and oilfield hauling. Enterprise has the equipment and expertise to undertake a project from start to finish.

Enterprise's customers include some of the world's largest energy producers. Enterprise will increase the collective customer base and overall revenues by developing a skilled labor force supported by a complete fleet of vehicles and equipment, thereby providing wide geographic coverage of energy services in Alberta.

SEASONALITY OF OPERATIONS

A significant portion of the Company's operations relate to the oilfield services and construction segment in Alberta. The Company's earnings follow a seasonal activity pattern of Alberta's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring thaw. Due to the spring thaw, frost comes out of the ground, which makes roads incapable of supporting heavy equipment resulting in making drilling for oil and gas more difficult. As a result, demand for these types of services generally is the highest in the fall and winter quarters and the lowest in the spring quarter.

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 industry 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.

NON-GAAP MEASURES

In addition to using financial measures prescribed by GAAP (Generally Accepted Accounting Policies), certain non-GAAP measures are also used in this MD&A. These non-GAAP measures are "EBITDA" and "EBITDAS".

References in this MD&A to EBITDA are to net income before interest, taxes, depreciation and amortization. References in this MD&A to EBITDAS are to net income before interest, taxes, depreciation, amortization and stock-based compensation.

EBITDA and EBITDAS are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Management believes that EBITDA and EBITDAS are appropriate measures in evaluating the Company's performance.

Readers are cautioned that EBITDA and EBITDAS should not be construed as an alternative to net income or cash flow from operating activity (as determined under GAAP) as indicators of financial performance or to cash flow from operating activities (as determined under GAAP) as a measure of liquidity and cash flow. The Company's method of calculating EBITDA and EBITDAS may differ from the methods used by other issuers and, accordingly, the Company's EBITDA and EBITDAS may not be comparable to similar measures used by other issuers. These non-GAAP performance measures such as EBITDA and EBITDAS do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

OVERALL PERFORMANCE

Revenues were lower than originally anticipated for the first quarter as oil companies delayed several projects which could have started in November but were deferred until their new capital budgets commenced in January 2007.

The Company had revenue of $4,736,735 and EBITDAS of $110,542 for its first quarter of operations, ended December 31, 2006. Net loss was ($584,042) or basic earnings (loss) of ($0.023) per share ($0.023) diluted earnings per share compared to a net income of $563,569 or $0.044 per share for the three month period ended December 31, 2005. Cash flow for the three month period ended December 31, 2006 from (used in) operating activities; including non-cash operating working capital balances was ($1,424,096), as compared to ($2,539,338) for the three month period ended December 31, 2005. Cash flow from operating activities; decreased $29,602 in the first quarter ended December 31, 2006. Stock based compensation of $164,087; a non cash expense reduced the basic and diluted earnings per share by almost $0.006 per share for the first quarter ended December 31, 2006. The Company's asset base grew to $26,191,287 as at December 31, 2006 compared to $24,551,775 as at September 30, 2006.

SELECTED FINANCIAL INFORMATION

The Company was incorporated on March 23, 2004 and was not a reporting issuer pursuant to applicable securities legislation until June 28, 2004. Further, the Company commenced active operations and providing operational services on August 24, 2005 following completion of its Qualifying Transaction, acquiring the business assets, excluding real property, and operations of A&G Grant Construction (1983) Inc.

OVERVIEW OF OPERATIONS

A summary of selected financial information for the three month period ended December, 2006 and 2005 is set out below:

Statement of Income Information	Three months ended December 31,2006	Three months ended December 31,2005
Revenue	**$ 4,736,735**	$ 4,880,208
EBITDA	**$ (274,629)**	$ 1,064,074
EBITDAS	**$ (110,542)**	$ 1,065,914
Net income (loss)	**$ (584,042)**	$ 563,569
Basic earnings (loss) per share	**$ (0.023)**	$ 0.044
Diluted earnings (loss) per share	**$ (0.023)**	$ 0.044
Weighted average common shares outstanding – basic	**25,704,985**	12,864,922
Weighted average common shares outstanding – diluted	**26,195,337**	12,864,922

EBITDA (earnings before interest, taxes, depreciation and amortization) and EBITDAS (earnings before interest, taxes, depreciation, amortization and stock-based compensation) are not recognized measures under Canadian generally accepted accounting principles (GAAP) and therefore are unlikely to be comparable to similar measures presented by other companies. Accordingly, EBITDA and EBITDAS are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management believes that in addition to net income from continuing operations, EBITDA and EBITDAS are useful supplemental financial measures of the Company's operating results, which assist investors' understanding of the level of Enterprise's core earnings and their assessment of the Company's performance. We believe that conventional financial measures of performance prepared in accordance with GAAP do not fully illustrate our core earnings.

Summary of Quarterly Results	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
Revenue	$ 4,880,206	$ 14,323,496	$ 6,077,844	$ 7,000,787	$ 4,736,735
Net Income (loss)	563,569	2,287,852	(1,273,371)	1,072,931	(584,042)
Earnings per share - Basic	$0.04	$0.13	$(0.06)	$0.05	$(0.02)
Earnings per share - Diluted	$0.04	$0.13	$(0.04)	$0.06	$(0.02)

Cash Flow Information	Three months ended December 31,2006	Three months ended December 31,2005
Cash provided by (used for) operating activities	**$ (29,702)**	$ 751,043
Changes in non-cash working capital	**$ (1,394,394)**	$ (3,290,381)
Investing	**$ (1,968,919)**	$ (697,880)
Financing	**$ 974,275**	$ 1,901,685
Increase (decrease) in cash	**$ (2,418,740)**	$ (1,335,533)
Cash (deficiency) – beginning of period	**$ 348,670**	$ (65,442)
Cash (deficiency) – end of period	**$ (2,070,070)**	$ (1,400,975)

RECONCILIATION OF EBITDA AND EBITDAS TO HISTORICAL RESULTS

Statement of Income	Three months ended December 31,2006	Three months ended December 31,2005
Net income (loss)	**$ (584,042)**	$ 563,569
Add:		
Income taxes	**$ (205,000)**	$ 290,323
Interest	**$ 144,453**	$ 24,548
Amortization	**$ 369,960**	$ 185,634
EBITDA	**$ (274,629)**	$ 1,064,074
Add:		
Stock-based compensation	**$ 164,087**	$ 1,840
EBITDAS	**$ (110,542)**	$ 1,065,914

EBITDA and EBITDAS are non-GAAP measures and do not have a standardized meaning under GAAP. See non-GAAP measures under separate heading.

Revenue by Subsidiaries	Three months ended December 31,2006	Three months ended December 31,2005
A.G. Grant Construction Ltd.	**$ 2,367,417**	$ 4,880,208
Trevor King Oilfield Services Ltd.	**$ 2,369,318**	$ -
Total	**$ 4,736,735**	$ 4,880,208

FINANCIAL POSITION

Balance Sheet Information	December 31,2006	September 30,2006
Working capital (deficiency) (1)	**$ 1,571,866**	$ 2,915,718
Total assets	**$ 26,191,287**	$ 24,551,775
Total debt	**$ 10,489,083**	$ 9,167,962
Shareholder's equity	**$ 15,702,204**	$ 15,383,813
Total common shares outstanding	**25,712,593**	12,864,922

(1) Working capital is current assets less current liabilities.

Financial Statistics and Ratios	Three months ended December 31, 2006	Three months ended December 31, 2005
Gross margin as a percentage of revenue (%)	**14%**	26%
EBITDA as a percentage of revenue (%)	**(6%)**	22%
EBITDAS as a percentage of revenue (%)	**(2%)**	22%

Financial Statistics and Ratios	December 31, 2006	September 30, 2006
Working capital ratio (1)	**1.23:1**	1.54:1
Total debt to capitalization (2)	**.54:1**	.52:1
Net capital assets to long-term debt	**1.98:1**	1.76:1

(1) Working capital is current assets less current liabilities

(2) Capitalization includes funded debt and shareholders equity

SHARE CAPITAL

	Three months ended December 31, 2006	Three months ended December 31, 2006
	No. of shares	Total capital
Share capital, September 30, 2006	25,405,700	$ 12,769,143
Share capital transactions during period:		
Stock options exercised	10,000	2,500
Warrants exercised	1,217,000	912,750
Agent options exercised	2,300	1,725
Shares purchased	(164,800)	(178,629)
	1,064,500	$ 738,346
Share capital, December 31, 2006	26,470,200	$ 13,507,859

Share Capital, Fully Diluted	No. of shares
Share capital, December 31, 2006	26,470,200
Warrants ($1.50), expiring February 22, 2007	4,788,600
Stock options, (weighted average $1.20), expiring 2009 - 2011	2,400,000
Share capital, fully diluted, December 31, 2006	33,658,800

CAPITAL RESOURCES AND LIQUIDITY

The Company has working capital of $1,571,866 and $2,915,718 as at December 31, 2006 and September 30, 2006 respectively.

The Company has authorized revolving bank lines of credit available to AGG and TKO in the amounts of $3,500,000 and $2,500,000 respectively.

The Company has a bank capital line of credit of $1,500,000 to finance equipment acquisitions. The company has $194,364 available on its capital line as at December 31, 2006.

The Company has bank capital loans used to finance capital assets acquired by AGG and TKO in amounts of $629,768 and $1,799,630 as at December 31, 2006.

The Company's principal payment requirements for the balance of 2007 are $1,515,079. The company's estimated next twelve months principal repayments are $1,963,536. The company anticipates that its current cash resources will be sufficient to meet all anticipated obligations throughout the next fiscal year.

SUBSEQUENT EVENTS

On January 25, 2007 the Company entered into a letter of intent in the amount of $12,000,000 to acquire the operations of a private Alberta company operating in central Alberta, carrying on a directional drilling business, which compliment the other operating subsidiaries. The private company currently generates sales revenue in excess of $12 million and is expected to increase Enterprise's EBITDA by approximately $5.2 million for the forward 12 month period based on the private company's current financial results.

Operating for over 30 years the private company generates most of its revenue from utility companies with approximately 20% from the energy services sector. Installation of underground power, telecommunications and natural gas lines are the core business of the company. As a result of the rapid growth Western Canada is experiencing, development of industrial, commercial and residential properties require full underground installation of services. The outlook for this sector is exceptional. The private company brings to Enterprise several new customers including some of Canada's largest providers of telecommunications, cable TV, electricity, and natural gas services.

Enterprise's strategy is to continue to grow the private company in its core competencies while expanding their services to the energy services sector. Pipeline construction projects routinely require directional boring services when approaching roads, creeks, rivers and other environmentally sensitive areas. Enterprise believes that directional boring will play a much larger roll in the future of pipeline construction because of environmental awareness. Management views this acquisition as a key step in the company's strategic business plan.

On February 28, 2007 the company announced that it has entered into an agreement with Paradigm Capital Inc. to act as agent on a best efforts basis in respect of a Private Placement Offering of up to $10 million of units. The net proceeds from the Offering will be used by the Company to fund the above mentioned acquisition and for general corporate purposes.

OTHER SIGNIFICANT EVENTS

The company mutually postponed its previous letter of intent issued on September 16, 2006 in the amount of $12,000,000 to acquire the operations of a private Alberta company operating in western Alberta, carrying on a similar business as the other operating subsidiaries.
The Company incorporated a new subsidiary, Enterprise Pipeline Company Inc. in September, 2006. On October 1, 2006 the Company transferred all the major heavy automotive equipment and construction equipment to Enterprise Pipeline Company Inc. Enterprise Pipeline Company Inc. leases the equipment to the respective related companies as required.

The Company incorporated a new subsidiary, ESI Management Inc. On October 1, 2006, the common shares of AGG and TKO were transferred into ESI Management Inc. ESI Management Inc. provides management services to the related companies.

On October 12, 2006 the Company filed a notice of intention, with TSX Venture Exchange, to make a normal issuer bid which commenced on October 23, 2006, terminating October 23, 2007. The Company intends to acquire up to 1,267,185 of issued common shares. As of December 31, 2006 the Company has acquired for cancellation 164,800 common shares of Enterprise.

RISKS AND UNCERTAINTIES

This document contains forward-looking information based upon current expectations that involve a number of business risks and uncertainties. These business risks and uncertainties may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking information.

DISCLOSURE CONTROLS AND PROCEDURES

As at the end of year covered by this report, management, with the participation of the certifying officers, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Company is made known to them by others within those entities.

OUTLOOK

Enterprise is on target to generate record revenue for the fiscal year ending September 30, 2007 with the closing of its latest target acquisition in central Alberta.

Corporate office has invested extensively in computer hardware and software and management time to improve the infrastructure within the company. Internal control and reporting systems have been drastically improved to meet public company reporting requirements. Enterprise's commitment to developing a strong management team, while incorporating sound business practices and efficient, effective accounting and management reporting systems ensures that growth through synergies and acquisitions.

As described in the Subsequent Events section, the proposed acquisition of the directional drilling company scheduled for April, 2007 will increase the company's overall EBIDTA on an annualized basis of $5.2 million. The new acquisition will complement our existing subsidiaries as directional drilling services are required during pipeline construction on every project. Also many of our current customers would engage directional drilling services for other projects not specifically being constructed by our subsidiaries. The acquisition will allow the company to develop other sources of revenue and growth potential not specifically related to the pipeline construction industry. The proposed acquisition has a solid reputation of servicing its customers with quality and timely services for over twenty-seven years. Its revenues and work load are more evenly distributed through out the year with its peak volume periods being the spring and summer which is opposite of the pipeline construction industry which peaks during the winter months.

The synergies created between our two subsidiaries AGG and TKO have begun to repay huge rewards in January 2007. Both subsidiaries are working at 100% capacity at this time which should provide excellent financial results for the second quarter. The company has expanded its geographical regions where work is being performed to now include central, northern and western Alberta. The customer base has expanded to include Rustler Petroleum, Apache Canada, Beren's Energy, Devon Canada, Harvest Operations, Titan Exploration, Burlington Resources, Breaker Energy and Zargon Gas and Oil in addition to the quality customers the company already had. The work load for TKO is expected to continue at its current pace, as it has secured projects that will operate through 2007 and traditionally its busier season is spring to fall.

MANAGEMENT TEAM / BOARD OF DIRECTORS

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

David Chittle CA, Chief Financial Officer

Desmond O'Kell, Vice President – Corporate Development

Ron Ingram, Director

Michael S. Aberant, CA. Director

Douglas C. Bachman, Director

PIPELINE CONSTRUCTION BOARD OF ADVISORS

Doug Watt, Project Manager. – Slave Lake Operations

Trevor King, General Manager – Wainwright Operations

Kurt Fletcher, Project Manager – Wainwright Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Marshall Rosichuk, CMA, Corporate Controller

Colette Dziwenka, Corporate Controller

Brenda Schwenk, Controller TKO

Wendy McKen, Controller AGG

Angela Hatt, Human Resources / Safety Coordinator

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