ENTERPRISE
OILFIELD GROUP, INC.

Management's Discussion and Analysis ("MD&A")
For The Fifteen Month Period Ended
December 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

For The Fifteen Month Period Ended December 31, 2007

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Enterprise Oilfield Group, Inc. (the "Company" and/or "Enterprise") for the fifteen month period ended December 31, 2007. The consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are expressed in Canadian dollars. This MD&A was prepared effective March 27, 2008.

The Company changed its fiscal year from September 30 to December 31, effective December 31, 2007. For purposes of this MD&A, comparisons are made to the three and fifteen months ended December 31, 2006. These prior year periods have not been audited or reviewed by the Company's external auditors. Information for the three and fifteen months ended December 31, 2006 has been provided as supplementary information to assist the reader, as it was not aligned with the Company's standard quarterly reporting period. Readers are advised to take these limitations into consideration when reviewing the comparative information for the three and fifteen months ended December 31, 2006.

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. Please review the "Forward-Looking Information" section of this MD&A.

Throughout this MD&A a certain measure has been used that is not a recognized measure under 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 Oilfield Group, Inc. (TSX Exchange: Symbol "E") is a growing company specializing in energy and pipeline construction services and utility and directional drilling services in Central and Northern Alberta. With office headquarters in St. Albert, Alberta, Canada, a sales office in Calgary, Alberta, construction offices in Slave Lake, Wainwright, Sherwood Park and Debolt, Alberta, and field offices in Wabasca, Red Earth and Fox Creek, 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 and construction services, and utility and directional drilling services sectors throughout Northern, Central and Western Alberta regions.

Energy and Construction Services

Enterprise constructs pipelines throughout Northern and Central Alberta, with a growing asset base of approximately $18 million including a fleet of over 260 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, oilfield hauling and directional drilling. 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.

Utility and Directional Drilling Services

Enterprise provides directional drilling and installation of underground power, telecommunications and natural gas lines to the utility infrastructure segment. Enterprise's customers include some of Canada's largest providers of telecommunications, cable television, electricity and natural gas services.

Seasonality of Operations

A significant portion of the Company's operations relate to the energy 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, which ends June 30.

The utility and directional drilling services sector operates more evenly throughout the year but its spring quarter is also the slowest quarter of the year.

ENTERPRISE OILFIELD GROUP, INC.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

($000's except per share amounts)	Three months ended Dec. 31, 2007	Three months ended Dec. 31, 2006	Fifteen months ended Dec. 31, 2007	Twelve months ended Sept. 30, 2006	Fifteen months ended Dec. 31, 2006
Revenue	$10,474	$4,737	$47,297	$32,282	$37,019
EBITDA	1,334	(254)	5,617	4,485	4,230
EBITDAS	1,421	(90)	5,869	4,799	4,709
Net income (loss)	(485)	(584)	929	2,651	2,067
Basic earnings (loss) per share	$(0.01)	$(0.02)	$0.03	$0.14	$0.10
Diluted earnings (loss) per share	$(0.01)	$(0.02)	$0.03	$0.12	$0.09
Weighted average common shares outstanding – basic	41,449	25,705	34,851	19,134	20,443
Weighted average common shares outstanding – diluted	41,578	26,195	35,152	22,545	23,087
Total common shares outstanding	41,449	26,470	41,449	25,406	26,470
Total Assets	$42,643	$26,191	$42,643	$24,552	$26,191
Total Liabilities	$14,637	$10,489	$14,637	$9,168	$10,489
Shareholders' Equity	$28,006	$15,702	$28,006	$15,384	$15,702

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 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 earnings.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The Company has changed its fiscal year end to December 31 from September 30 commencing with the fifteen month period ended December 31, 2007.

The Company realized revenue of $10.5 million for the three-month period ending December 31, 2007 and $47.3 million for the 15 months ended December 31, 2007 versus $4.7 million and $37.0 million respectively for the comparative periods in 2006. The Company had EBITDAS of $5.8 million and net earnings of $0.9 million during the 15-month period ended December 31, 2007 compared to EBITDAS of $4.7 million and net earnings of $2.0 million for the 15-month period ended December 31, 2006. Enterprise had positive EBITDAS of $1.4 million and a loss of $0.4 million during the 3-month period ended December 31, 2007 compared to negative EBITDAS of $0.1 million and a loss of $0.6 million for the 3-month period ended December 31, 2006. Earnings were negatively impacted by higher amortization costs associated with the growth in assets, professional fees associated with evaluating prospective acquisitions and the Company's graduation to the TSX, as well as higher costs to operate an expanding branch office network.

During the last 3 months of 2007, the Company, as with many of its oilfield services sector peers and competitors, experienced lower than normal utilization rates. This was due to continued depressed pricing for natural gas, the uncertainty created by the Alberta Royalty decision, and the resultant decrease in drilling activity. The acquisition of TC Backhoe & Directional Drilling and subsequent expansion to infrastructure services with the establishment of the Utility and Directional Drilling division has proven very timely and will continue to allow Enterprise to weather the softness in the energy industry. During this time the Utility and Directional Drilling business unit has generated almost three times the gross margin generated by the Energy and Construction Services business unit. The Utility and Directional Drilling business unit derives approximately 80% of its revenues from outside the oil and gas industry. However, management expects to extract tangible synergy from Utility and Directional Drilling services in its conventional Energy and Construction Services operations. EBITDAS increased by $1.5 million during the last three months of fiscal 2007 relative to the same quarter last year, and for the 15-month period increased 25%. This is reflective of the higher operating margins provided by the Company's Utility and Directional Drilling business unit. This is very positive in the face of uncertain oil patch operating conditions, as the Company continues to assign additional resources to its Utility and Directional Drilling segment.

Typically the Company's Energy and Construction Services segment experiences a ramping up of activity levels in the first quarter. First quarter activity levels were negatively impacted by continued low natural gas prices and the Provincial Government of Alberta's Royalty Review. These elements created further levels of uncertainty and contributed to a weak quarter for the entire Canadian oilfield services sector.

The Company's asset base grew substantially during the past year, increasing 63% to more than $42.6 million. Enterprise has invested more than $12 million over the past 9 months through a combination of equity and debt financings. These investments have provided the Company with significant opportunities to continue its growth mandate balanced by a diversity of revenue streams.

A summary of selected financial information pertaining to consolidated general and administrative expenses is set out below:

Consolidated General and Administrative Expenses ($000's except per share amounts)	**Three months ended Dec. 31, 2007**	**Three months ended Dec. 31, 2006**	**Fifteen months ended Dec. 31, 2007**	**Twelve months ended Sept. 30, 2006**	**Fifteen months ended Dec. 31, 2006**
Amortization	$678	$370	$2,660	$825	$1,195
Management/administrative salaries and fees	441	379	2,671	357	736
Professional fees	204	99	818	297	396
Interest on long-term debt	144	103	549	184	287
Insurance	161	64	729	218	282

Management/administrative salaries and fees include those expenses associated with the operations of the Company's head office and branch office management. Professional fees include TSX listing fees and other fees associated with the audit and evaluation of prospective acquisitions.

A summary of cash flow information for the three and fifteen month periods ended December 31, 2007 and three and fifteen month periods ended December 31, 2006 is set out below:

Cash Flow Information ($000's except per share amounts)	**Three months ended Dec. 31, 2007**	**Three months ended Dec. 31, 2006**	**Fifteen months ended Dec. 31, 2007**	**Twelve months ended Sept. 30,2006**	**Fifteen months ended Dec. 31, 2006**
Cash provided by (used in) operating activities:					
Net income and non-cash items	$1,269	$(30)	$4,900	$3,760	$3,730
Changes in non-cash working capital	490	(1,394)	(2,796)	(3,281)	(4,822)
Cash provided by (used in) operating activities	1,759	(1,424)	2,104	479	(1,092)
Investing	101	(1,969)	(18,407)	(9,753)	(15,732)
Financing	(1,416)	974	11,513	9,688	14,819
Increase (decrease) in cash	444	(2,419)	(4,790)	414	(2,005)
Cash and cash equivalents (bank indebtedness) – beginning of period	(4,885)	349	349	(65)	(65)
Cash and cash equivalents (bank indebtedness) – end of period	(4,441)	(2,070)	(4,441)	349	(2,070)

Financial Statistics and Ratios	**Three months ended Dec. 31, 2007**	**Three months ended Dec. 31, 2006**	**Fifteen months ended Dec. 31, 2007**	**Twelve months ended Sept. 30, 2006**	**Fifteen months ended Dec. 31, 2006**
Gross margin as a percentage of revenue	23.1%	13.7%	23.8%	19.2%	18.5%
Net income (loss) as a percentage of revenue	(4.6)%	(12.3)%	2.0%	8.2%	5.6%
EBITDA as a percentage of revenue	12.7%	(5.4)%	11.9%	13.9%	11.4%
EBITDAS as a percentage of revenue	13.5%	(1.9)%	12.4%	14.9%	12.7%

OTHER SIGNIFICANT EVENTS DURING THE PERIOD ENDED DECEMBER 31, 2007

Corporate Reorganization and Change of Fiscal Year End

Effective October 1, 2007 the Company completed a reorganization of its subsidiary companies, A.G. Grant Construction Ltd., Trevor King Oilfield Services Ltd., T.C. Backhoe & Directional Drilling Inc. and ESI Management Inc. The Company has amalgamated all its operating companies under the name Enterprise Energy Services Inc. Its asset holdings have also been consolidated under Enterprise Pipeline Company Inc. This reorganization allows the Company to market all its services under the "Enterprise" banner, and is expected to reduce administrative costs. Under this banner Enterprise's customers will be provided with expert pipeline construction and horizontal drilling services throughout North-Central Alberta from construction offices in Slave Lake, Wainwright and Debolt, and field offices in Fox Creek, Wabasca and Red Earth. As this is an internal reorganization, there will be no change in the presentation of the Company's consolidated financial results. Enterprise has changed its fiscal year end to December 31. This change will facilitate ease of financial comparison to the Company's publicly traded peers.

Consolidation of Borrowing Facilities

The Company has consolidated the revolving facilities of each subsidiary Company to two revolving facilities for $9.2 million.

Graduation of Shares to TSX and Expansion of Governance Policies
On August 13, 2007 the Company commenced trading on the TSX Exchange, TSX; Symbol "E". The Company previously traded on the TSX Venture Exchange, TSX-V, Symbol "EON" and recently changed to "E". Graduation to the TSX is considered to be an important milestone for Enterprise as it is expected to provide the Company with improved access to capital and broader market recognition. Our corporate governance practices comply with the guidelines for effective corporate governance established by the Toronto Stock Exchange. We are committed to high standards of corporate governance and will continue to review and update our corporate governance practices to ensure we meet the evolving standards and guidelines.

Other
On October 12, 2006 the Company filed a notice of intention, with the TSX Venture Exchange, to make a normal course issuer bid which commenced on October 23, 2006, terminating October 23, 2007. The Company intended to acquire up to 1,267,185 of issued common shares. As of December 31, 2007 the Company has acquired for cancellation 189,800 common shares of Enterprise.

SUMMARY OF QUARTERLY RESULTS

Summary of Quarterly Results	**Three months ended**							
($000's except per share amounts)	**Mar 31, 2006**	**June 30, 2006**	**Sept.30, 2006**	**Dec.31, 2006**	**Mar. 31, 2007**	**June 30, 2007**	**Sept. 30, 2007**	**Dec.31, 2007**
Revenue	$14,323	$6,078	$7,001	$4,737	$18,843	$4,762	$8,481	$10,474
Net Income (loss)	2,288	(1,274)	1,073	(584)	2,118	(998)	878	(485)
Earnings (loss) per share - Basic	$0.13	$(0.06)	$0.05	$(0.02)	$0.08	$(0.02)	$0.02	$(0.01)
Earnings (loss) per share - Diluted	$0.13	$(0.06)	$0.04	$(0.02)	$0.07	$(0.02)	$0.02	$(0.01)

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

CAPITAL RESOURCES AND LIQUIDITY

The Company has a working capital (deficiency) of $(37,144) as at December 31, 2007 (September 30, 2006 - $2,915,718). The bank requires that the Company maintain certain covenants and restrictions at all times to support its indebtedness. The Company is in compliance with all financial covenants as at December 31, 2007.

The Company has authorized revolving bank lines of credit available in the amount of $9,200,000.

On May 4, 2007 the Company borrowed $2,250,000 as a capital term loan from the bank to finance the equipment acquired during the acquisition of T.C. Backhoe & Directional Drilling Inc.

The Company has a bank capital line of credit facility of $2,500,000 to finance future equipment acquisitions. The Company has $ 671,086 available on its capital line as at December 31, 2007.

The Company's estimated principal repayments over the next twelve months are $3,088,036. The Company anticipates that its current cash resources will be sufficient to meet all anticipated obligations throughout the next fiscal year.

The Company's contractual obligations are as follows:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long-term debt including capital leases	$8,081,882	$3,088,036	$4,194,313	$470,651	$328,882
Operating leases	1,285,782	489,872	636,910	159,000	-
Total	$9,367,664	$3,577,908	$4,831,223	$629,651	$328,882

Financial Statistics and Ratios	Dec. 31, 2007	Sept. 30, 2006
Working capital (deficiency) ratio (1)	**1:00:1**	1.54:1
Total funded debt to capitalization (2)	**0.54:1**	0.44:1
Net capital assets to long-term debt	**2.05:1**	1.79:1

(1) Working capital is current assets less current liabilities

(2) Capitalization includes funded debt, subordinated debt and shareholders' equity

OUTSTANDING SHARE DATA

	Mar. 27, 2007	Dec. 31, 2007	Sept. 30, 2006
Common shares outstanding	41,449,200	41,449,200	25,405,700
Stock options outstanding	3,490,000	3,490,000	2,410,000
Warrants outstanding	7,600,380	7,600,380	5,267,460
Total	52,539,580	52,539,580	33,083,160

OFF-BALANCE SHEET ARRANGEMENTS

Enterprise does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company paid $56,000 for the fifteen month period ended Dec. 31, 2007 for premises rent for the Slave Lake Division to a Company controlled by a director of the Company, Mr. Ron Ingram (2006 - $104,480).

The Company paid $58,500 for the fifteen month period ended Dec. 31, 2007 (2006 - $24,000) for premises rented from an employee of the Wainwright Division, Mr. Trevor King.

The Company paid $63,000 for the nine month period ended Dec. 31, 2007 (2006 - nil) for premises rented from a subcontractor of the Sherwood Park Division, Mr. Tom Lavender.

The Company paid $487,211 (2006 - $223,500) to companies controlled by an officer and director of the Company, Mr. Leonard Jaroszuk, and $30,000 (2006 - $133,415) to a company controlled by an officer, Mr. Desmond O'Kell, for executive management services rendered in the normal course of business during the period. Also during the prior year, the Company acquired approximately $66,000 of office furniture and equipment from a director and officer, Mr. Leonard Jaroszuk.

The Company acquired all of the issued and outstanding shares of 1204757 Alberta Ltd. effective September 28, 2006 from a Company director, Mr. Ron Ingram, for consideration of $400,000.

These transactions were recorded at the amount established and agreed to by the parties based on standard commercial terms.

OUTLOOK

Approximately 75% of Alberta's conventional petroleum reserves are comprised of natural gas. Enterprise believes that the long-term fundamentals for natural gas are strong and the recent upsurge in commodity prices and natural gas in particular provides cautious optimism for improving activity levels throughout 2008. While this optimism provides a good impetus for growth, management will continue to focus on operating our Company as efficiently as possible. One of management's focuses during 2007 was on reducing operating costs, and this continues in 2008.

Enterprise entered 2007 on a cautionary note due to our belief that exploration and production activity in western Canada would decrease compared to the record levels achieved in 2006 and 2005. In 2007 and particularly the summer season the Company chose not to "chase" projects that were lower margin, just to maintain a high revenue stream. We are pleased with the total operating performance of our two business units in the fourth quarter, particularly in light of the significant challenges faced by our Energy and Construction Services group. Our move to diversify our revenue stream in 2007 offset much of the effect of margin declines experienced by the Energy and Construction Services division during the last calendar year. For well over the past year the Company has been successful in developing quality working relationships with several of the First Nations bands that it interfaces with particularly in northern Alberta.

Our overall outlook for 2008 is positive. At the time of writing this report, natural gas has seen a meaningful increase in pricing. We will continue to increase our exposure to the growing infrastructure service sector in Alberta. In addition, we expect demand for our energy and construction services division to show modest increases over the balance of 2008.

Energy and Construction Services

Management made the decision in early 2007 to not proceed with another pipeline company acquisition at a time when activity levels in the oil patch were tightening. Management instead decided to diversify into the infrastructure sector with the acquisition of T.C. Backhoe & Directional Drilling Inc. whose revenues are predominantly generated in the infrastructure sector. In 2008, we expect activity levels to trend upwards relative to 2007. We continue to be pleased with our competitive position in this sector and believe the long-term outlook for this business unit is excellent.

Utility and Directional Drilling Services

Although 2007 was our inaugural year for infrastructure services, this segment generated impressive margins and we anticipate continued strength in 2008. The less seasonal nature of this business provides Enterprise with a steady source of revenue and positive cash flow. The Company's acquisition of directional drilling services and installation of underground power, telecommunications and natural gas lines enables us to expand our customer base independent of the energy industry. Further, the introduction of directional drilling services to existing and prospective customers of the oil and gas industry will enhance continued revenue growth within the Energy and Construction Services group. Management plans to increase its exposure to the infrastructure sector with organic and acquisition growth. Economic growth in Western Canada and particularly in Alberta continues at a robust pace. Development of industrial, commercial and residential properties require full underground installation of services. The current level of expansion and development across the economic landscape in Western Canada has provided an exceptional environment for this business unit. It is important to note that existing underground infrastructure has suffered from this very economic expansion as maintenance has taken a back seat to new construction. Existing infrastructure has become critically aged. In frequent instances there are thirty to forty year old urban areas that contain underground services where cabling is rated for 25 years. A number of the Company's client utility providers have significant backlogs of outstanding maintenance orders to replace miles of underground cable.

Conclusion

A number of significant challenges and uncertainties were faced by, and continue to be faced by western Canadian energy service companies including a new set of pending resource royalties, turbulent global credit markets and severe fluctuations in commodity prices and the consequential uncertainty in our customers' budgets. The exact impact of these challenges is difficult to forecast and navigate through, but long-term fundamentals continue to remain positive.

Management believes that balanced and diversified positions in both the infrastructure and energy services sectors are the best path to generating shareholder value. The Company has hired additional management experienced in infrastructure projects to spearhead more civic-related construction and maintenance as there are inherent synergies related to the heavy equipment and crews of both sectors.

Enterprise expects to continue distancing itself from its peers by delivering profits in a challenging operating environment. Over the last few quarters, Enterprise's competitive landscape has shrunk with some competing companies choosing to cease operations and exit the industry, while others were forced to file for creditor protection. Our Company will continue to exercise fiscal and operational prudence.

Enterprise 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 in central and northern Alberta and strives to provide excellent customer service. Management is excited about Enterprise's future prospects.

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.

Financial Instruments and Business Risks

The Company holds various forms of financial instruments. The nature of these instruments and the manner in which the Company operates exposes the Company to interest rate, credit and fair value risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

The Company's primary activities revolve around providing energy and pipeline construction services and directional drilling and utility services in Central and Northern Alberta. The demand, price and terms of these services are dependent on the level of activity in the industry, which in turn depends on several other factors.

Interest Rate Risk
The Company's short-term borrowings are based on floating rates and are subject to interest rate cash flow risk as the required cash flows to service the debt will fluctuate with changes in market rates. Interest on fixed rate debt varies between 0.00 % and 7.95%. The Company estimates that the interest rate approximates the prevailing market rates for the Company's debt instruments, and therefore the fair value of these debt instruments approximate their carrying value.

Credit Risk
A significant portion of the Company's trade accounts receivable is from companies in the oil and gas industry and, as such, the Company is exposed to all the risks associated with that industry.

All of the Company's cash is held at one institution and as a result the Company has concentration of credit risk.

Other Risks
Other risks include, for example:

- 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.

- 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.

- 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 the discussion is to highlight for the reader what are typical risks for this industry.

CRITICAL ACCOUNTING ESTIMATES

Preparation of consolidated financial statements requires assumptions regarding accounting estimates for certain amounts contained within the consolidated financial statements. The Company believes that each assumption and estimate is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results.

Significant accounting estimates applied in 2007 are as follows:

Useful Lives of Intangible Assets and Property, Plant and Equipment

Enterprise amortizes intangible assets and property, plant and equipment based upon estimated useful lives. The Company reviews historical experience with similar assets to help ensure these amortization rates are appropriate. However, the actual useful life of the assets may differ from our original estimate due to factors such as technological obsolescence and level of maintenance activity.

Fair Value of Assets and Liabilities Acquired in Business Combinations

The value of acquired assets and liabilities on the acquisition date require the use of estimates to determine the purchase price allocation. Estimates are made as to the valuation of property, plant and equipment, intangible assets, and goodwill, among other items.

Asset Impairment

Enterprise assesses goodwill for impairment annually. This assessment includes a comparison of the carrying value to the estimated fair value to ensure that the fair value is greater than the carrying value. The estimated fair value is arrived at using valuation methods such as un-discounted cash flow analysis. These valuation methods employ a variety of assumptions, including future revenue growth and expected earnings. Estimating fair value is a subjective process and requires the use of the Company's best estimates. If estimates or assumptions change from those used in current valuations, the Company may be required to recognize an impairment loss in future periods.

Enterprise assess the carrying value of long-lived assets, which include property, plant and equipment and intangible assets subject to amortization, for indications of impairment when events or circumstances indicate that the carrying amounts may not be recoverable from estimated future cash flows. Significant, unanticipated changes to these assumptions could require a provision for impairment in the future.

Fair Value of Options and Warrants Issued

The fair value of options and warrants issued is estimated using the Black-Scholes option pricing model with assumptions that include: expected life, volatility, and the risk-free interest rate. Changes in these assumptions could materially affect the measure of estimated fair value of the options and warrants.

Taxation Amounts

Income tax provisions, including current and future income tax assets and liabilities, may require estimates and interpretations of federal and provincial income tax rules and regulations and judgments as to their interpretation and application to a specific situation. Therefore, it is possible that the ultimate value of tax assets and liabilities could change in the future and that changes to these amounts could have a material effect on the consolidated financial statements.

ADOPTION OF NEW ACCOUNTING POLICIES

Effective October 1, 2006, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook sections: 1530, Comprehensive income; 1651, Foreign currency translation; 3051, Investments; 3251, Equity; 3855, Financial instruments - Recognition and Measurement; 3861, Financial instruments - Presentation and disclosure; and 3865, Hedges.

Comprehensive Income and Equity

On October 1, 2006, the Company prospectively adopted CICA Handbook sections 1530, Comprehensive income and 3251, Equity. Comprehensive income consists of net income and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. The Company's OCI consists of unrealized gains or losses and changes in fair value of available-for-sale financial assets specifically its portfolio investment in Samoth Oilfield Inc. OCI is presented net of related income taxes. OCI is presented as a new category of shareholders' equity in the consolidated statements of changes in shareholder's equity. Adoption of this new accounting policy resulted in an adjustment to the carrying balance of the Company's investment of 400,000 common shares of Samoth Oilfield Inc. from its September 30, 2006 cost of $100,000 to its quoted market value of $104,000 with a corresponding adjustment to OCI of $2,515 (net of $1,485 in future income taxes). The Company has not classified any financial asset as held-to-maturity. There was no adjustment required from the remeasurement of financial assets classified as loans and receivables and financial liabilities classified as other liabilities at amortized cost.

Financial Instruments

On October 1, 2006, the Company prospectively adopted CICA Handbook section 3855, Financial Instruments - recognition and measurement. These new standards establish that all arm's length financial assets and financial liabilities must be initially recorded at fair value on the consolidated balance sheets. Subsequent measurement is determined by the classification of each financial asset and liability according to the following categories: assets or liabilities held for trading, available for sale financial assets, loans and receivables, and other financial liabilities. Subsequent measurement and changes in fair value will depend upon an instrument's initial classification. Assets or liabilities held for trading are measured at fair value and changes in fair value are recognized in net income. Available for sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is sold or written down when impaired. Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method, with any changes in fair value being recognized in net income.

For the Company, amortized cost generally corresponds to cost. Certain financial instruments are exempt from the standards, including obligations relating to stock-based compensation.

As at December 31, 2007, the Company has not identified any derivative instruments to which it is party. In the case of the recognition of a derivative instrument, the derivative instrument will be recorded on the consolidated balance sheets at fair value unless exempted from a derivative treatment as normal purchases and sales.

The Company accounts for regular purchases and sales of financial assets on the trade date, being the date on which the Company commits to buy or sale the asset. Transaction costs related to financial assets or financial liabilities classified as other than held-for-trading will be added to the initial carrying value of the financial asset or financial liability. Where transaction costs related to available-for sale financial assets, they will be charged to OCI immediately after the capitalization as available-for sale assets are measured at fair value.

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Estimated fair values are designated to approximate amounts at which the financial instruments could be exchanged in a current transaction between willing parties. Fair value for instruments designated as available-for-sale is based on the closing price as of the financial statement date.

As result of the implementation of this standard, the Company has classified cash and cash equivalents as held-for-trading financial assets. Accounts receivable are classified as loans and receivables. Portfolio investments are classified as available-for-sale financial assets. Accounts payable and accrued liabilities and long-term debt have been classified as other financial liabilities. The Company has not classified any financial assets as held-to-maturity. There was no impact of remeasuring financial assets classified as held-for trading to fair value. No adjustment was required from the remeasurement of financial assets classified as loans and receivables and financial liabilities classified as other liabilities at amortized cost.

Hedges

On October 1, 2006, the Company prospectively adopted CICA Handbook section 3865, Hedges. The standard establishes when and how hedge accounting may be applied, as well as certain disclosure requirements. The standard specifies three types of hedging relationships: fair value hedges, cash flow hedges, and hedges of a net investment in self-sustaining foreign operations. Application of hedge accounting is optional. The Company does not use hedge instruments or hedge accounting.

Foreign Currency Translation

On October 1, 2006, the Company prospectively adopted CICA Handbook section 1651, Foreign currency translation. There was no effect on the Company's consolidated financial statements resulting from the adoption of the new accounting standard.

Accounting Changes

The CICA issued section 1506 of the CICA Handbook, Accounting Changes, which establishes criteria for changing accounting policies and describes how to apply changes in accounting policies, accounting estimates, and changes resulting from the correction of errors. These changes, including the related disclosure requirements, came into effect as of January 1, 2007 and did not impact the Company's consolidated financial statements.

Recent Accounting Pronouncements Issued but not yet Adopted

Capital Disclosures

The CICA issued a new accounting standard, Section 1535 Capital Disclosures, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital. This new section is effective beginning January 1, 2008.

Financial Instruments - Disclosure and financial instruments - Presentation
Two new accounting standards were issued by the CICA, Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation. These sections will replace Section 3861 Financial Instruments - Disclosure and Presentation once adopted. The objective of Section 3862 is to provide users with information to evaluate the significance of the financial statements on the entity's financial position and performance, the nature and extent of risks arising from financial statements, and how the entity manages those risks. The provisions of Section 3863 deal with the classification of financial statements, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These new sections are effective beginning January 1, 2008.

INTERNAL CONTROLS OVER DISCLOSURE AND FINANCIAL REPORTING

Disclosure Controls and Procedures

Management, including the CEO and CFO, have established and maintained disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to it in a timely manner, particularly during the period in which the annual and quarterly filings were being prepared. As at December 31, 2007, management has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109, and believes them to be effective in providing such reasonable assurances.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer, together with other members of management, have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with GAAP. It should be noted, that the Company's control system, no matter how well designed, can provide only reasonable, but not absolute, assurance of detecting, preventing, and deterring errors or fraud. During the last quarter, no changes were made to internal controls over financial reporting that would have materially affected, or would likely materially affect, such controls.

NON-GAAP MEASURES

In addition to using financial measures prescribed by GAAP, 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.

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.

ENTERPRISE OILFIELD GROUP, INC.

Reconciliation of EBITDA and EBITDAS to Historical Results (GAAP)

Statement of Income (Loss) ($000's except per share amounts)	**Three months ended Dec. 31, 2007**	**Three months ended Dec. 31, 2006**	**Fifteen months ended Dec. 31, 2007**	**Twelve months ended Sept. 30, 2006**	**Fifteen months ended Dec. 31, 2006**
Net income (loss)	$(484)	$(584)	$929	$2,651	$2,067
Add:					
Income taxes (recovery)	399	(205)	464	757	552
Interest	229	145	981	264	408
Amortization *	1,189	390	3,243	813	1,203
EBITDA	1,333	(254)	5,617	4,485	4,230
Add:					
Stock-based compensation	88	164	252	314	479
EBITDAS	1,421	(90)	5,869	4,799	4,709

* *Amortization includes loss (gain) on sale of equipment*

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.

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.enterpriseoil.ca.

MANAGEMENT TEAM / BOARD OF DIRECTORS

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

Desmond O'Kell, Vice President – Corporate Development

Ron Ingram, Director

Michael S. Aberant, CA. Director

Douglas C. Bachman, Director

Nick Demare CA, 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

Tom Lavender, General Manager – Sherwood Park Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Colette Dziwenka, Corporate Controller

Brenda Schwenk, Controller Wainwright Operations

Wendy McKen, Controller Slave Lake Operations

Darlene Hubscher, Controller Sherwood Park Operations

Angela Hatt, Human Resources / Safety Coordinator

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