ENTERPRISE
OILFIELD GROUP, INC.

**Management's Discussion and Analysis ("MD&A")**
**For The Three and Nine Month Periods Ended**
**September 30, 2008**

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

### For The Three and Nine Month Periods Ending September 30, 2008

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements of Enterprise Oilfield Group, Inc. (the "Company" and/or "Enterprise") for the three and nine month periods ended September 30, 2008. The unaudited consolidated interim 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 November 13, 2008.*

*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 Peace River, 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 equipment asset base that has a cost of approximately $20.0 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 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.

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.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

| ($000's except per share amounts) | Three months ended Sept. 30, 2008 | Three months ended Sept. 30, 2007 | Nine months ended Sept. 30, 2008 | Nine months ended Sept. 30, 2007 |
|---|---|---|---|---|
| Revenue | $8,683 | $8,481 | $28,095 | $32,086 |
| EBITDA | 1,573 | 1,443 | 4,178 | 4,538 |
| EBITDAS | 1,573 | 1,443 | 4,178 | 4,538 |
| Net income | 588 | 878 | 1,328 | 1,997 |
| Basic earnings per share | $0.014 | $0.021 | $0.032 | $0.056 |
| Diluted earnings per share | $0.014 | $0.020 | $0.032 | $0.053 |
| Weighted average common shares outstanding – basic | 41,468 | 41,279 | 41,544 | 35,612 |
| Weighted average common shares outstanding – diluted | 41,618 | 43,079 | 41,606 | 37,412 |
| Total common shares outstanding | 41,279 | 41,279 | 41,279 | 41,279 |
| Total Assets | $42,957 | $45,943 | $42,957 | $45,943 |
| Total Liabilities | $13,686 | $17,823 | $13,686 | $17,823 |
| Shareholders' Equity | $29,271 | $28,119 | $29,271 | $28,119 |

*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 realized revenue of $8.7 million for the three month period ending September 30, 2008 and $28.1 million for the nine month period ended September 30, 2008 versus $8.5 million and $32.1 million respectively for the comparative periods in 2007. The company had EBITDAS of $4.2 million and net income of $1.3 million during the nine month period ended September 30, 2008 compared to EBITDAS of $4.5 million and a net income of $2.0 million for the nine month period ended September 30, 2007. Enterprise had EBITDAS of $1.6 million and net income of $0.6 million during the three months ended September 30, 2008 compared to EBITDAS $1.4 million and net income of $0.9 million for the three month period ended September 30, 2007.

### Gross Margin

For the three months ended September 30, 2008, revenue increased by $0.2 million to $8.7 million compared to $8.5 million for 3 months ended September 30, 2007. Gross margin was 33.2% for the three months ended September 30, 2008, up from 32.6% for the same quarter in 2007. Our revenue for the nine month period ended September 30, 2008 decreased by $4.0 million to $28.1 million when compared to the same period in the previous year. Our gross margin percentage however, increased to 27.3% from 25.5% for the nine month periods ending September 30, 2008 and 2007 respectively.

This increase in the third quarter gross margin is attributed to gaining efficiencies and economies of scale from sharing of resources from all of our operations. We are able to better utilize our in-house skills, knowledge, labour and equipment and rely less on subcontractors. We are also continuing to strengthen our relationships with our suppliers and negotiate better rates which positively impact the bottom. As well, with the addition of our Peace River location we are better situated to service our customers in the area, which leads to lower mobilization and travel costs.

**General and Administrative**

General and Administrative expenditures was unchanged at $1.4 million for the third quarter ended September 30, 2008 and decreased by $0.2 million to $3.8 million in the nine months ended September 30, 2008 from the comparative periods in 2007. The majority of the decrease in general and administrative expenses for the nine month period ended September 30, 2008 is attributed to a combination of salaries and wages, professional fees, insurance, travel and accommodation expenses and interest charges totaling $0.2 million.

A summary of cash flow information for the periods ending September 30, 2008 and September 30, 2007 are set out below:

| **Financial Statistics and Ratios** | **Three months ended Sept. 30, 2008** | **Three months ended Sept. 30, 2007** | **Nine months ended Sept. 30, 2008** | **Nine months ended Sept. 30, 2007** |
|---|---|---|---|---|
| Gross margin as a percentage of revenue | 33.2% | 32.6% | 27.3% | 25.5% |
| Net income as a percentage of revenue | 6.8% | 10.3% | 4.7% | 6.2% |
| EBITDA as a percentage of revenue | 18.1% | 17.0% | 14.9% | 14.1% |
| EBITDAS as a percentage of revenue | 18.1% | 17.0% | 14.9% | 14.1% |

| **Cash Flow Information**<br>($000's except per share amounts) | **Three months ended Sept. 30, 2008** | **Three months ended Sept. 30, 2007** | **Nine months ended Sept. 30, 2008** | **Nine months ended Sept. 30, 2007** |
|---|---|---|---|---|
| Cash provided by operating activities: | | | | |
| Net income and non-cash items | $1,427 | $1,496 | $3,616 | $3,661 |
| Changes in non-cash working capital | 1,243 | (5,367) | (237) | (3,565) |
| Cash provided by (used in) operating activities | 2,670 | (3,871) | 3,379 | 96 |
| Cash used in investing activities | (386) | (324) | (561) | (15,745) |
| Cash provided by (used in) financing activities | (577) | 329 | (2,048) | 12,834 |
| Increase (decrease) in cash | 1,707 | (3,866) | 770 | (2,815) |
| Cash and cash equivalents (bank indebtedness) – beginning of period | (5,378) | (1,019) | (4,441) | (2,070) |
| Cash and cash equivalents (bank indebtedness) – end of period | (3,671) | (4.885) | (3,671) | (4,885) |

## SUMMARY OF QUARTERLY RESULTS

| Summary of Quarterly Results | Three months ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ($000's except per share amounts) | Dec.31, 2006 | Mar. 31, 2007 | June 30, 2007 | Sept. 30, 2007 | Dec.31, 2007 | Mar. 31, 2008 | June 30, 2008 | Sept. 30, 2008 |
| Revenue | $4,737 | $18,846 | $4,762 | $8,481 | $10,474 | $12,661 | $6,752 | $8,683 |
| Net Income (loss) | (584) | 2,118 | (998) | 878 | (485) | 1,856 | (1,117) | 588 |
| Earnings (loss) per share - Basic | $(0.02) | $0.08 | $(0.02) | $0.02 | $(0.01) | $0.04 | $(0.03) | $0.01 |
| Earnings (loss) per share - Diluted | $(0.02) | $0.07 | $(0.02) | $0.02 | $(0.01) | $0.04 | $(0.03) | $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 working capital of $575,928 as at September 30, 2008 (December 31, 2007 working capital (deficiency) of $(37,144)). The bank requires that the Company maintain certain covenants and restrictions at all times to support its indebtedness. The Company was in compliance with all financial covenants as at September 30, 2008.

The Company has authorized revolving bank lines of credit available in the amount of $9,000,000 of which $3,370,000 is currently outstanding.

The Company has a capital line of credit facility of $2,500,000 to finance future equipment acquisitions and has $984,024 available on its capital line as at September 30, 2008.

Included in the Company's long term debt is vendor debt resulting from the acquisition of the operating assets of TCB of $500,000 as at September 30, 2008 (Dec. 31, 2007 - $1,000,000). The debt is non-interest bearing and the balance due is repayable in the amount of $500,000 on April 1, 2009. No specific security has been issued.

The Company's estimated principal repayments on long term debt over the next twelve months are $3,481,905. 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 for the next five years (twelve month periods ending September 30) are as follows:

| Contractual Obligations | Total | 2009 | 2010 | 2011 | 2012 | 2013 | After 5 years |
|---|---|---|---|---|---|---|---|
| Long-term debt including capital leases | $6,077,509 | $3,481,905 | $1,525,933 | $492,048 | $246,371 | $53,364 | $277,888 |
| Operating leases | 970,896 | 456,885 | 329,641 | 124,370 | 60,000 | - | - |
| Total | $7,048,405 | $3,938,790 | $1,855,574 | $616,418 | $306,371 | $53,364 | $277,888 |

| Financial Statistics and Ratios | Sept. 30, 2008 | Sept. 30, 2007 |
|---|---|---|
| Working capital ratio (1) | **1.06:1** | 1.02:1 |
| Total funded debt to capitalization (2) | **0.50:1** | 0.58:1 |
| Net capital assets to long-term debt | **2.53:1** | 1.85:1 |

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

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

## OUTSTANDING SHARE DATA

| | Nov. 13, 2008 | Sept. 30, 2008 | Sept. 30, 2007 |
|---|---|---|---|
| Common shares outstanding | 41,064,200 | 41,279,200 | 41,279,200 |
| Stock options outstanding | 4,050,000 | 4,050,000 | 2,400,000 |
| Warrants outstanding | 1,200,000 | nil | 7,600,380 |
| Total | 46,314,200 | 45,329,200 | 51,279,580 |

## OFF-BALANCE SHEET ARRANGEMENTS

Enterprise does not have any off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The Company paid $36,000 for the nine month period ended Sept. 30, 2008 (Nine month period ended Sept. 30, 2007 - $36,000) for premises rented for the Slave Lake Division and $4,500 for the nine month period ended Sept. 30, 2008 (Nine month period ended Sept. 30, 2007 - $nil) for director fees to a company controlled by a director of the Company, Mr. Ron Ingram.

The Company paid $250,000 for the nine month period ended Sept. 30, 2008 (Nine month period ended Sept. 30, 2007 - $412,211) to a company controlled by a director of the Company, Mr. Leonard D. Jaroszuk.

The Company paid $30,000 for the nine month period ended Sept. 30, 2008 (Nine month period ended Sept. 30, 2007 - $30,000) to a company controlled by an officer for executive management services, Mr. Desmond O'Kell.

These transactions were rendered in the normal course of business during the period and were recorded at the amounts established and agreed to by the parties based on standard commercial terms.

## Subsequent Event

On October 31, 2008, the Company completed a non-brokered private placement of 1,200,000 units at $0.17 per unit for gross proceeds of $204,000. Each unit consists of one common share in the capital of the company and one common share purchase warrant exercisable at $0.25 per common share purchase warrant. The common share purchase warrants vest on May 1, 2009, and expire October 31, 2009. The private placement was with a company controlled by an officer of the Company, Mr. Leonard D. Jaroszuk.

## Outlook

Management believes the long term outlook for its business segments is positive. Although year to date operational results have been positive in the face of volatile commodity prices, global financial and economic turmoil has added to near-term uncertainty for commodity prices. Weaker commodity prices have however been buffered to a large extent by the devaluation of the Canadian dollar relative to the US dollar. Continuing credit market instability will likely adversely affect the energy industry during 2009. However, Enterprise is positioned well due to the diversity of its business and strong performance of its infrastructure services division.

Enterprise has a history of success due to the commitment of its field staff to provide excellent service to its customers regardless of industry conditions, and the commitment of its management to prudent financial management. Consequently, Enterprise will continue to actively pursue opportunities to enter new geographic territories and make strategic acquisitions. While the Company is uncertain of near-term movements in the financial markets, we are well-positioned to continue generating positive growth relative to our peers. Enterprise has positioned itself for improved levels of demand for its services and will continue to pursue opportunistic growth initiatives. Management is very encouraged with its high quality people, modern equipment, and service locations. Enterprise's position in the current market place is exceptional and believes that the remainder of 2008 and into 2009 holds tremendous opportunities for continued revenue growth. From the beginning, the Company's goal has been to increase the level of customer service with the best and safest practices, the newest equipment and the best field staff. And the plan is working with great success. Enterprise has paid down over $2.4 million in long term debt during the current year through its accelerated debt repayment plan, has purchased several pieces of new equipment for the operations and is selling off older equipment in order to maintain a new, efficient and cost effective fleet. Additionally, the Company's expansion into the Peace River area has opened the door to very profitable, year round, infrastructure and facilities maintenance opportunities, smoothing out the cyclical effects of the traditional pipeline industry. As well, Peace River holds tremendous potential for pipeline services work due to all of the heavy oil production in the area.

### Energy and Construction Services

Although commodity prices have been volatile in the third and fourth quarters of 2008, field activity levels in our oilfield energy and construction services division remains strong. We continue to look at growth opportunities from both an internal perspective and from an acquisition perspective.

### Utility and Directional Drilling Services

A number of the Company's clients have significant backlogs of outstanding maintenance orders to replace miles of underground cable. Significant infrastructure investment from all levels of government and the Company's focus on organic growth within this sector will prove to be meaningful contributor to revenues and profitability. The Company's continued efforts to broaden its infrastructure services to a larger regional footprint have been met with success. The outlook for this sector remains strong.

**Conclusion**

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 8.35%. 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 interim financial statements requires assumptions regarding accounting estimates for certain amounts contained within the consolidated interim 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.

The Company's significant accounting estimates have not changed from those identified in the December 31, 2007 audited consolidated financial statements.

## ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Sections: 1535, *Capital Disclosures*; 3031, *Inventories*; 3862, *Financial Instruments – Disclosures*; and 3863, *Financial Instruments – Presentation*.

### Capital disclosures

On January 1, 2008, the Company adopted CICA Handbook 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.

#### Inventories

On January 1, 2008, the Company adopted the CICA Handbook Section 3031 *Inventories*, which establishes that inventories should be measured at the lower of cost and net realizable value, and also provides guidance on the issues of cost determination and inventory related disclosures. This new standard had no impact on the consolidated interim financial statements.

#### Financial instruments – disclosures and presentation

On January 1, 2008, the Company adopted CICA Handbook Sections 3862 and 3863 *Financials instruments – disclosures and presentation.* 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. The additional disclosure necessary to comply with these standards is provided in these consolidated interim financial statements.

#### Going concern

CICA Handbook Section 1400, *General standards of financial statement presentation*, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The requirements of this amended Section were adopted by the Company on September 30, 2008. The adoption of this section had no impact on the company's financial statements.

## RECENT ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

#### Goodwill and intangible assets

The CICA issued a new standard, Section 3064 *Goodwill and intangible assets*. Standards concerning goodwill are unchanged from the previous Handbook Section 3062, however, this new section provides guidance for the treatment of preproduction and start up costs and requires these costs be expensed as incurred. This new section is effective for fiscal years beginning on or after October 1, 2008.

#### International financial reporting standards

In March 2008, the CICA announced that Canadian publicly accountable enterprises will adopt *International Financial Reporting Standards* ("IFRS") effective January 1, 2011. The Company is currently assessing the impact IFRS will have on its consolidated financial statements.

## 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 September 30, 2008, 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 may not 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.

### Reconciliation of EBITDA and EBITDAS to Historical Results (GAAP)

| **Statement of Income (Loss)**<br>($000's except per share amounts) | **Three months ended Sept. 30, 2008** | **Three months ended Sept. 30, 2007** | **Nine months ended Sept. 30, 2008** | **Nine months ended Sept. 30, 2007** |
|---|---|---|---|---|
| Net income | $588 | $878 | $1,328 | $1,997 |
| Add:<br>Income taxes (recovered) | 246 | (277) | 408 | 269 |
| Interest * | 146 | 224 | 563 | 608 |
| Amortization ** | 593 | 618 | 1,879 | 1,664 |
| **EBITDA** | 1,573 | 1,443 | 4,178 | 4,538 |
| Add:<br>Non cash items | nil | nil | nil | nil |
| **EBITDAS** | 1,573 | 1,443 | 4,178 | 4,538 |

* Interest includes short term interest and interest on long term debt
** Amortization includes (gain)/loss 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

Doug Moak, CMA, Chief Financial Officer

Desmond O’Kell, Vice President – Corporate Development

Ron Ingram, Director

Jason Krueger, CFA, Director

James Stout, CA, 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

Rick Wesolowski, Project Manager – Peace River Operations

## OFFICE TEAM

Colette Dziwenka, Corporate Controller

Brenda Schwenk, Divisional Controller, Wainwright Operations

Darlene Hubscher, Divisional Controller, Sherwood Park Operations

Yvette Butz, Divisional Controller Slave, Lake Operations

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