Management's Discussion and Analysis
For the Year Ended
December 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2010

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and the notes contained therein, of Enterprise Oilfield Group, Inc. (the "Company" or "Enterprise") for the year ended December 31, 2010. The audited 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 25, 2011.

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.

NON-GAAP MEASURES

In addition to using financial measures prescribed by GAAP, a certain non-GAAP measure is also used in this MD&A. This non-GAAP measure is "EBITDAS". References in this MD&A to EBITDAS are to net income before interest, taxes, depreciation, amortization and stock-based compensation.

EBITDAS is not an earnings measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Management believes that EBITDAS is an appropriate measure in evaluating the Company's performance. EBITDAS should not be construed as an alternative to net income or cash flow from operating activity (as determined under GAAP) as an indicator 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 EBITDAS may differ from the methods used by other issuers and, accordingly, the Company's EBITDAS may not be comparable to similar measures used by other issuers. This non-GAAP performance measure, EBITDAS, does not have any standardized meaning prescribed by GAAP and therefore is unlikely to be comparable to similar measures presented by other companies. Accordingly, it is 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.

COMPANY PROFILE

Enterprise Oilfield Group, Inc. (TSX Exchange: Symbol "E") is a construction services company operating in the energy, utility and transportation infrastructure industry. The Company's focus is primarily underground construction and maintenance and above ground plants and facilities. With corporate headquarters in St. Albert, Alberta, Canada, a sales office in Calgary, Alberta, construction offices in Slave Lake, Sherwood Park, and Innisfail, Alberta, and field offices in Wabasca and Fox Creek, Alberta, Enterprise is strategically located near its customers. The Company's strategy is to acquire complementary service companies in Western Canada, consolidating capital, management and human resources to support continued growth.

Industry and Markets

Enterprise provides construction services including directional drilling and installation of underground utility infrastructure, pipeline construction, repairs and maintenance, wellhead tie-ins, water injection lines, facilities construction, oilfield hauling, and transportation infrastructure. Enterprise's customers include some of Canada's largest telecommunication providers, utility service providers, energy producers, as well as the federal and provincial governments of Canada.

In the underground utility infrastructure industry, a large portion of the existing utility infrastructure is rapidly aging in the Province of Alberta, and in some areas, the utility infrastructure is beyond its intended useful life and beginning to fail. In response to this, the major stakeholders in the industry are implementing large scale ongoing repair and replacement programs that are essential for continued growth in Alberta. Enterprise's largest customers in the utilities and infrastructure sector have such programs in place.

In addition to the repair and maintenance programs, the continuing development of new industrial, commercial and residential properties in the province requires the installation of new infrastructure such as full underground services. A large portion of Enterprise's customers are property developers and contribute significantly to the bottom line of the company.

Enterprise's fleet of directional drills is ideal for services required in the underground utility construction. Combined with our industry expertise and experienced field personnel, Enterprise has become the supplier of choice in this sector, enabling the Company to secure ongoing contracts with its largest customers.

Enterprise also constructs pipelines in the energy services industry throughout Western Canada utilizing a fleet of over 200 trucks and heavy construction equipment. We have the equipment and expertise to undertake a project from start to finish. Major projects relate to the construction of pipelines which include up to 12" diameter steel pipe. 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 Western Canada.

Seasonality of Operations

A significant portion of Enterprise's operations relate to energy production customers in Alberta. The Company's earnings follow the seasonal activity pattern of Alberta's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring thaw. During spring thaw, roads become incapable of supporting the heavy equipment needed to drill and tie-in oil and gas wells. 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. Our services to utility, telecommunication, and infrastructure customers are provided more evenly throughout the year but the spring quarter is also the slowest quarter of the year.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

($000's except per share amounts)	Year ended Dec. 31, 2010	Year ended Dec. 31, 2009
Revenue	$15,623	$27,699
EBITDAS	(833)	(1,462)
Net loss	(5,797)	(4,528)
Basic and diluted loss per share	$(0.12))	$(0.11))
Weighted average common shares outstanding	48,682	42,193
Total common shares outstanding	48,682	48,682
Total assets	$14,041	$20,580
Total liabilities	$6,971	$7,964
Shareholders' equity	$7,070	$12,616

Reconciliation of EBITDAS to Historical Results (GAAP)

Statement of Loss ($000's)	Three months ended Dec. 31, 2010	Three months ended Dec. 31, 2009	Year ended Dec. 31, 2010	Year ended Dec. 31, 2009
Net loss	$(3,813)	$(2,218)	$(5,797)	$(4,528)
Add:				
Income taxes (recovery)	3,012	(389)	2,257	(1,285)
Interest *	277	216	645	529
Amortization **	578	1,320	1,818	3,594
Stock-based compensation	161	nil	244	229
EBITDAS	$215	$(1,071)	$(833)	$(1,461)

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

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Enterprise Oilfield Group, Inc. realized consolidated revenue of $15.6 million for the year ended December 31, 2010, compared to $27.7 million for the year ended December 31, 2009, a decrease of $12.1 million. The consolidated revenue for the three month period ended December 31, 2010, was $4.0 million compared to $7.2 million for the same period last year, a decrease of $3.2 million. The decrease in revenue is attributed to fewer projects and lower margins in the energy industry resulting from tight capital markets, decreased capital expenditures and lower natural gas prices. The Company continues to bid projects at margins that it feels is competitive, but that will not put it at a greater risk of large losses. Additionally, the late spring thaw, followed by prolonged wet weather conditions contributed to lower than expected revenue in the underground utilities and directional drilling sector.

The Company had negative EBITDAS of $833 thousand and a net loss of $5.8 million for the year ended December 31, 2010, compared to negative EBITDAS of $1.5 million and a net loss of $4.5 million for the year ended December 31, 2009. For the three months ended December 31, 2010, the Company realized positive EBITDAS of $215 thousand and a net loss of $3.8 million compared to negative EBITDAS of $1.1 million and a net loss of $2.2 million for the three months ended December 31, 2009. The negative

EBITDAS for the year ended December 31, 2010 is attributable to low revenue and tight margins on energy sector projects and lower revenue in the underground utilities and directional drilling sector due to wet soil conditions. The low margins in the energy sector were offset somewhat, by higher margins in the underground utilities and directional drilling sector.

The Company's improved year over year EBITDAS for the year ended December 31, 2010 along with its return to positive EBITDAS in the final quarter of 2010, is largely related to the underground utilities and directional drilling sector. While the Company has chosen to only submit bids with reasonable margins and avoid projects with smaller margins in the energy sector in order to minimize the risk of large losses. Margins in the underground utilities and directional drilling sector have remained strong. The weather returned to more seasonal conditions in the final quarter, resulting in regained efficiencies for maintenance and repair work. The dryer weather also allowed land developers to start new subdivision projects and complete older projects that were hampered by the wet weather. Although these factors negatively impacted revenues for the year ended December 31, 2010, the change in the product mix, moving from heavily weighted energy sector revenues to heavily weighted underground utilities and directional drilling revenues, improved the Company's EBITDAS by $628 thousand over the year ended December 31, 2009.

The increase in the Company's net loss by $1.3 million for December 31, 2010 compared to December 31, 2009 is largely due to the write off of the Company's future income tax asset. Canadian Generally Accepted Accounting Principles (Canadian GAAP) required the Company to remove the future Income tax asset from its balance sheet which resulted in an additional expense of $2.3 million in the current year. The Company's loss before taxes for the year ending December 31, 2010 was $3.5 million compared to $5.8 million for the year ended December 31, 2009, an improvement of $2.3 million. The year end results for 2010 included a $171 thousand loss on the sale of equipment compared to $1.7 million for 2009. Overall, the Company still improved its loss before taxes, net of the loss on sale of equipment, by $695 thousand year over year.

Although the future income tax asset has been written off from the balance sheet, the Company has approximately $9.75 million of non-capital loss carry forwards that it can apply against future operating. These non capital loss carry forwards expire between December 31, 2028 and December 31, 2030.

The Company continues to monitor its overheads and reduce costs where necessary while maintaining the effectiveness of the operations. Equipment costs, operational costs and G&A costs are continually under review. As a result, for the year ended December 31, 2010, non operational costs were reduced by $2.6 million compared to the year ended December 31, 2009. For the three months ended December 31, 2010, the Company reduced its non-operational costs by $590 thousand compared to three months ended December 31, 2009.

Gross margin

The gross margin for the year ended December 31, 2010, was 11.5% compared to 7.7% for the year ended December 31, 2009. For the three months ended December 31, 2010, the gross margin was 21.1% compared to (5.2)% for the three months ended December 31, 2009. The increase in gross margin for the year ended December 31, 2010 is the result of a large percentage of the Company's revenue generated by the underground utilities and directional drilling sector. Gross margin in this sector was 35.0% and 33.0% for the year ended and three months ended December 31, 2010. Although these gross margins are significantly higher than the pipeline construction division, they are below our historical averages due to a late spring thaw that was followed by wet weather conditions. The wet weather through the second and third quarters of this year resulted in late starts and delays to ongoing projects that amounted to approximately one quarter of the construction season being lost to wet weather. This negatively impacted the revenue and gross margins. However, the Company expects the underground utilities and directional drilling sector to continue operating at or near full capacity, with increased margins through 2011.

Selected Consolidated Expenses

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

Selected Consolidated Expenses ($000's)	**Three months ended Dec. 31, 2010**	**Three months ended Dec. 31, 2009**	**Year ended Dec. 31, 2010**	**Year ended Dec. 31, 2009**
Amortization	$391	$437	$1,647	$1,846
Management and administrative salaries and fees	218	245	1,073	1,418
Professional and consulting fees	112	50	215	170
Interest on long-term debt	100	43	241	164

Management and administrative salaries and fees include those expenses associated with the operations of the Company's head office.

Management and administrative salaries amounted to $1.1 million or 6.9% of revenue for the year ended December 31, 2010, compared to $1.4 million or 5.1% of revenue for the year ended December 31, 2009. For the three months ended December 31, 2010, management and administrative salaries were $218 thousand or 5.4% of revenue compared to $245 thousand or 3.4% of revenue. The decrease was due to staff reductions through layoffs, retirements, and reductions in pay.

Interest on long-term debt amounted to $241 thousand or 1.5% of revenue for the year ended December 31, 2010, compared to $164 thousand or 0.6% for the same period in the previous year. For the three months ended December 31, 2010, interest on long term debt was $100 thousand or 2.3% of revenue compared to $43 thousand or 0.6% of revenue for the year ended December 31, 2009. This increase was due to the Company converting operational commitments into long term debt resulting in more long term debt outstanding on which interest is charged, as well as interest penalties related to early payout of certain long term debt facilities.

Professional and consulting fees amounted to $215 thousand or 1.4% of revenue for the year ended December 31, 2010, compared to $170 thousand or 0.6% of revenue for the year ended December 31, 2009. For the three months ended December 31, 2010, professional and consulting fees totaled $112 thousand or 2.8% of revenue compared to $50 thousand or 0.7% of revenue for the same period in the prior year. This increase is due to engaging the expertise of consultants relating to legal, IFRS and other accounting related matters for the Company.

Cash Flow Information

A summary of cash flow information for the three months and years ended December 31, 2010, and December 31, 2009, is set out below:

Cash Flow Information ($000's)	**Three months ended Dec. 31, 2010**	**Three months ended Dec. 31, 2009**	**Year ended Dec. 31, 2010**	**Year ended Dec. 31, 2009**
Cash provided by (used in) operating activities:				
Net loss and non-cash items	$(62)	$(1,237)	$(1,479)	$(1,941)
Changes in non-cash working capital	(1,335)	1,659	206	7,481
Cash provided by operating activities	(1,397)	422	(1,273)	5,540
Financing activities	698	256	20	(5,343)
Investing activities	627	320	(23)	863
Increase (decrease) in cash	(72)	998	(1,276)	1,060
Cash and cash equivalents – beginning of period	464	670	1,668	607
Cash and cash equivalents – end of period	$392	1,668	$392	1,668

Financial Statistics and Ratios	**Three months ended Dec. 31, 2010**	**Three months ended Dec. 31, 2009**	**Year ended Dec. 31, 2010**	**Year ended Dec. 31, 2009**
Gross margin as a percentage of revenue	21.1%	(5.2%)	11.5%	7.7%
Net loss as a percentage of revenue	(95.2%)	(30.8%)	(37.1%)	(16.3%)
EBITDAS (negative) as a percentage of revenue	1.3%	(4.1%)	(6.9%)	(6.1%)

Going Concern Uncertainty

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis which contemplate that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments as they become due in the normal course of business.

Over the past two fiscal years, the Company has experienced net losses and negative cash flows from operations before changes in working capital. The Company has incurred a net loss of $5.8 million in 2010 and a net loss of $4.5 million in 2009 and incurred net cash outflows from operations before changes in working capital of $1.5 million in 2010 and $1.9 million in 2009. As at December 31, 2010, the Company has a working capital deficit $1.9 million.

The working capital deficit and annual operating losses over the past two fiscal years and uncertainty relating to the pipeline and facilities construction and maintenance activity, create significant uncertainty as to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate positive cash flow and sustained profitability from operations going forward.

In addition to its ongoing working capital requirements, the Company must secure sufficient funding for existing commitments including a term facility maturing November 23, 2011 and a mortgage maturing January 1, 2012.

In recognition of these circumstances, the Company has secured a bank revolving line of credit of$1.1million subsequent to year end. This undertaking, while significant, is not sufficient in itself to enable the Company to fund all aspects of its operations and accordingly, management is continuing to dispose of underutilized assets, streamline operations, actively seek merger opportunities and is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management plans to secure necessary financing through the issue of new equity and/or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

Accordingly, the financial statements do not reflect any adjustments to the carrying values of the assets and liabilities and in the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

OTHER SIGNIFICANT EVENTS DURING THE YEAR ENDED DECEMBER 31, 2010

During the year ended December 31, 2010, the Company engaged the services of professional appraisers to appraise certain assets of the Company. The results of the appraisals are as follows: the combined appraised value of the Company's land and buildings were $886 thousand compared to book value of $834 thousand and the Company's construction and automotive assets were appraised at $9.9 million compared to a book value of $7.6 million.

In November 2010, the Company entered into a new term loan facility and mortgage facility. Proceeds from these financings and advances from various lenders were used to repay the line of credit, capital line and mortgage facility in place at December 31, 2009.

The non-revolving term loan facility bears interest at the rate of 24% per annum and is repayable in monthly installments of interest only to February 28, 2011. Commencing March 31, 2011, the facility is repayable in monthly installments of interest plus principal in the amount of $83 thousand until fully repaid. The term loan facility can be fully repaid without penalty at any time after three months and matures on November 23, 2011. A general security agreement providing a first charge over all present and after acquired property of the Company and an assignment of insurance have been provided as collateral for the term loan facility As at December 31, 2010, $3.7 million remains outstanding less transaction costs of $139 thousand. The Company is in compliance with the terms of the loan at December 31, 2010.

Effective December 1, 2010, the Company refinanced its mortgages. The new facility, in the amount of $559 thousand, bears interest at 10.25% per annum and is repayable in monthly installments of interest only in the amount of 45 thousand. The principal is due January 1, 2012. A mortgage over specific land and buildings with a net book value of $616 thousand has been pledged as collateral. As at December 31, 2010, $559 thousand of the original mortgage remains outstanding less transaction costs of $28 thousand.

SUBSEQUENT EVENT

In March, 2011 the Company entered into a financing arrangement with a Canadian chartered bank to secure a $1.1 million revolving working capital line of credit. The facility is secured by accounts receivable, a general security agreement on all assets of the Company and guarantees by the Company and an officer and director of the Company. The interest rate on the facility is lender prime plus 1.50% with interest payable monthly. The facility expires April 30, 2012.

SUMMARY OF QUARTERLY RESULTS

($000's except per share amounts)	2010					2009				
	Total	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Total	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Revenue	15,623	4,005	3,426	$2,922	$5,270	$27,699	$7,191	$6,585	$4,952	$8,971
Net loss	(5,797)	(3,812)	(575)	(862)	(548)	(4,528)	(2,218)	(1,081)	(1,174)	(55)
Earnings (loss) per share – Basic and Diluted	(0.12)	(0.08)	(0.01)	(0.02)	(0.01)	(0.11)	(0.05)	(0.03)	(0.03)	0.00

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

OUTSTANDING SHARE DATA

	Mar. 25, 2011	Dec. 31, 2010	Dec. 31, 2009
Common shares outstanding	48,681,700	48,681,700	48,681,700
Stock options outstanding	4,175,000	4,335,000	3,480,000
Warrants outstanding	1,200,000	1,200,000	1,850,000
Total	54,056,700	54,216,700	54,011,700

OFF-BALANCE SHEET ARRANGEMENTS

Enterprise enters into short term and long term operating leases with various vendors to provide office space and equipment in our normal course of operations. Our commitments under operating leases are disclosed in the table labeled "contractual obligations." Enterprise does not have any other off-balance sheet arrangements as at December 31, 2010.

RELATED PARTY TRANSACTIONS

Related party transactions not otherwise disclosed in this MD&A are as follows:

The Company paid $48,000 during the year ended December 31, 2010, to a company controlled by a director, for premises rented for the Company's office in Slave Lake.

The Company paid $58,000 for rental of equipment during the year ended December 31, 2010, to a company controlled by a director.

These transactions were recorded at the exchange amount established and agreed to by the parties and were rendered in the normal course of business during the year.
See the section "Liquidity Risk and Capital Resources" (page 11) of this MD&A for more related party transactions.

CAPITAL MANAGEMENT

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include net debt and adjusted capital of the Company, as reflected in the table below:

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

- to provide an adequate return to shareholders by pricing services commensurately with the level of risk, and

- to finance its operations and growth strategies

In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt.

Additionally, one of the Company's top priorities is to replace its existing term debt with conventional forms of debt financing. Management is actively pursuing new financing as it will greatly improve the Company's balance sheet, reduce current debt obligations, improve cash flow and fund new growth opportunities. The Company's relatively new equipment fleet along with its other assets provides strong security for potential lenders.

The Company monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet less accounts payable and accrued liabilities) and less cash and cash equivalents. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants and deficit), other than amounts in accumulated other comprehensive income relating to the portfolio investment, and includes subordinated debt.

	Dec. 31, 2010	Dec. 31, 2009
Total debt (as defined above)	$5,705,756	$5,685,771
Less: cash and cash equivalents	(392,032)	(1,667,547)
Net debt (as defined above)	$5,313,724	$4,018,224
Total equity	$7,070,441	$12,616,292
Add: subordinated debt instruments	nil	nil
Less: amounts in accumulated other comprehensive income (loss) relating to portfolio investment	(8,000)	nil
Adjusted capital	$7,062,441	$12,616,292
Net debt-to-adjusted capital ratio	0.75	0.32

The increase in the net debt-to-adjusted capital ratio during 2010 is the result of a decrease of cash and cash equivalents, and an increase in the Company's deficit for the year ended December 31, 2010, as compared to the year ended December 31, 2009.

RISKS AND UNCERTAINTIES

Financial Instruments and Business Risks

Financial instruments consist of the Company's cash and cash equivalents, accounts receivable, portfolio investment, bank indebtedness, accounts payable and accrued liabilities, term loan facility, loans payable and long term debt.

The Company is exposed to the following risks in respect to certain financial instruments held:

Fair value

The fair value of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity. The fair value of the portfolio investment approximates its carrying value as it has been adjusted to market price at December 31, 2010 and 2009. The fair values of the long-term debt and obligations under capital leases approximate their carrying values since their stated interest rates approximate market interest rates at December 31, 2010 and 2009. The fair value of the loans payable is not determinable as loans with similar terms would not be available from third parties.

Credit risk

Credit risk arises from the potential that a customer will fail to perform its obligations. The Company is exposed to credit risk from customers. This risk is elevated in the current year similar to the prior year due to the impact of the current credit market and economy on its customers. The Company's maximum exposure is the value of its accounts receivable. However, to mitigate this risk the Company regularly reviews customer credit limits.

The Company has accounts receivable from customers in the oil and gas industry, as well as the utilities and infrastructure industry. Credit risk is mitigated due to the Company's significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. Included in accounts receivable at December 31, 2010 was $1.7 million or 62%, of total accounts receivable owing from six customers due to the significant contracts in progress at December 31, 2010. (2009 – 37% from three customers).

As at December 31, 2010, the Company's exposure to credit risk in this area was as follows:

	Total	**1 – 90 days**	**91 – 120 days**	**121+ days**
Accounts Receivable - 2010	$2,729,006	$2,316,257	$109,502	$303,247

The Company monitors accounts receivable monthly to identify any amounts which are past due and considers if they are impaired. This assessment is done on an invoice by invoice basis. The Company has recorded a $nil provision during the year ended December 31, 2010.

The majority of the accounts receivable relates to subdivision and underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon. Management is not aware of any uncollectible receivables in this category.

Liquidity Risk and Capital Resources

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The following are the contractual maturities of the Corporation's financial liabilities as at December 31, 2010:

Contractual Obligations	Total	2011	2012	2013	2014	2015	After 5 years
Term loan facility	3,599,023	3,599,023	nil	nil	nil	nil	nil
Long-term debt including capital leases	1,058,251	229,596	737,726	45,075	33,183	12,671	nil
Operating lease commitments	557,633	459,355	97,559	719	nil	nil	nil
Total	$5,214,907	$4,287,974	$835,285	$45,794	$33,183	$12,671	$nil

At December 31, 2010, the Company has the following loans payable:

• $400,000 of unsecured advances due to an unrelated party. The advances are due on demand and non-interest bearing. The Company repaid $200,000 of the advances subsequent to December 31, 2010. Transaction fees in the amount of $75,000 incurred in connection with the advances were expensed during the year.

• $275,000 unsecured demand loan, bearing interest at 12% per annum due to a related company which is controlled by a director and an officer of the Company.

• $250,000 unsecured demand loan, bearing interest at 16% per annum due to a related party.

• $80,000 unsecured demand loan, bearing interest at 10% per annum due to a related party which is controlled by a director and officer of the Company.

During the year ended December 31, 2010, the Company incurred interest expense in the amount of $61,375 on the loans to related parties of which, $43,482 is outstanding and included in loans payable at December 31, 2010.

The Company may be exposed to liquidity risk if it is unable to collect its trade account receivable balances on a timely basis, which in turn could impact the Company's long-term ability to meet commitments under its credit facility, or if the credit facility is not renewed requiring the Company to make scheduled principal repayments. The Company's customers are subject to an internal credit review along with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. Long and short term cash flow forecasts are prepared and monitored to ensure adequate liquidity. To mitigate this risk, the Company is actively pursuing other sources of financing.

The Company has no significant commitments to capital resources other than those disclosed in this MD&A.

Interest rate risk

As at December 31, 2010, the Company is not exposed to interest rate risk as the Company has no financing facilities with a floating interest rate.

Other Risks

Other risks include:

- 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.

- Recession Risk – Although the current economic environment is recovering from the recent recession, the recovery is still fragile. Should economic environment slide into a double dip recession, demand for the Company's services would be reduced and have a negative impact on revenues and earnings. This would result in the Company continuing to implement cost control measures and possibly expand its services into other industries in order to manage through the recession. Management has already implemented some cost cutting measures and is continuing to review other areas for possible cost savings.

- Cyclicality – The Company has a significant portion of its revenues tied directly to oil and gas pipeline construction industry in Western Canada. These revenues are subject to any cyclicality of the industry. To mitigate this risk the Company has diversified its revenue stream to include pipeline maintenance, transportation infrastructure, and directional drilling and installation of underground utility infrastructure, all of which are less seasonal than pipeline construction.

- Insurance – The Company believes the insurance coverage it has in place is appropriate for the nature of its services provided and its associated risks, however such coverage may not be adequate. To mitigate this risk, management reviews the Company's insurance coverage on a regular basis.

- 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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

The principal financial statement components containing significant estimates include property, plant and equipment, intangible assets, future income taxes, the allowance for doubtful accounts and stock-based compensation. Actual results could differ from those estimates.

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. Enterprise assesses the estimated useful lives of these assists on an annual basis to ensure they match the anticipated life of the asset from a revenue producing perspective. If the Company determines that the useful life of an asset is different from the original assessment, changes to amortization will be applied prospectively.

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.

Impairment of long-lived assets

Long-lived assets consist of property, plant and equipment and intangible assets. The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. An impairment is recognized when the carrying value of an asset exceeds the total undiscounted cash flows expected from its use and eventual disposition. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of income in the period when the impairment is determined.

Future income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the financial reporting and tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to be settled or recovered. A valuation allowance is recorded for the portion of the future tax assets for which the realization of any value does not meet the “more likely than not” test.

As at December 31, 2010, the Company has non-capital losses of approximately $160 thousand, which expire if unutilized on December 31, 2028, $5.5 million which expire if unutilized on December 31, 2029, and $4.1 million which expire if unutilized on December 31, 2030. The benefit of the Company's future income tax asset has not been recognized in these financial statements. The Company evaluates at each reporting date if this asset is "more likely than not" to be realized. Changes based on this evaluation could be material.

Stock-based compensation

The Company uses the fair value method, whereby compensation cost is charged directly to earnings for all stock-based awards granted. The Company determines the fair value of the stock options, using the Black-Scholes option-pricing model. The expense is determined on the grant date and recognized in income over the vesting period of the option, with a corresponding increase to contributed surplus in shareholders' equity. When stock options are exercised, the proceeds, together with the amount previously recognized in contributed surplus, are recorded in share capital. The Company accounts for forfeitures in the period that they occur. This may result in a reduction of stock-based compensation expense. Awards of warrants to agents result in share issue costs and a credit to the warrants account when the warrants are issued. Any compensation paid on exercise of the warrants is credited to share capital.

RECENT ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

Convergence to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board (AcSB) announced in 2006 that for fiscal years commencing on or after January 1, 2011, all publicly accountable enterprises are required to report their financial results using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS uses a conceptual framework similar to Canadian GAAP, but there are some differences in recognition, measurement and disclosures. The Company is required to prepare interim and annual financial statements that are compliant with IFRS with comparative numbers for the prior year. The Company's transition date is January 1, 2010 and will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

As a result of this announcement, in early 2010 the Company established a project management team consisting of management and consultants to develop an implementation plan to convert its consolidated financial statements to IFRS. The scope of the plan was to address the impact that IFRS has on:

- accounting policies and implementation decisions
- information technology and data systems
- financial statement presentation and disclosure options available upon initial changeover to IFRS
- internal control over financial reporting
- disclosure controls and procedures
- business activities, including impact on debt covenants

The implementation project consisted of three phases:

Phase 1- The initial diagnostic phase involved performing a high-level impact assessment to identify key areas that may be impacted by the transition to IFRS, and the alternatives available. Each potential impact identified during this phase was ranked as having a high, moderate or low impact on financial reporting.

Areas determined to be of high impact were first-time adoption of IFRS and property plant and equipment including borrowing costs. Areas determined to be of medium impact on the financial reporting included revenue recognition, leases, impairments, and business combinations. All other areas were determined to have a low impact on financial reporting.

Phase 2 – The impact analysis, evaluation and solution development phase involved the selection of IFRS accounting policies by senior management; the quantification of the impact of the changes to existing policies on the opening balance sheet; and the development of the draft IFRS financial statements. This phase also included the development of IFRS training programs and the identification of the changes to internal controls over financial reporting and business process and procedures.

Phase 3 - The implementation and review phase involves the delivery of training programs to key personnel and the board members, review of accounting policies by the audit committee and the implementation of the required changes to information systems and business policies and procedures identified in the previous phase of the project. The Company's now in the process of finalizing IFRS compliant information for comparative purposes in 2011, which will be completed during the first quarter of 2011. Following the completion of the comparative balances Enterprise will be preparing its first set of financial statements under IFRS for the three months ending March 31, 2011. We expect to file these statements within the required time frame.

We continue to provide key IFRS information and status updates to our key financial staff, Audit committee and Board of Directors regarding the transition process.

Set out below are the key areas that are expected to impact our consolidated financial statements. The accounting policies below should not be regarded as a complete account of changes that will result from the transition to IFRS. It is intended to highlight those areas we believe to be the most significant. The differences described below are those existing between Canadian GAAP and IFRS today, we continue to monitor standard developments issued by the International Accounting Standards Board ("IASB") and regulatory developments issued by Canadian Securities Administrators that may affect the timing, nature, or disclosure of our adoption to IFRS. Consequently, the following is a preliminary analysis of the impacts of the conversion to IFRS on the Company's consolidated opening statement of financial position. Circumstances may arise throughout 2011, such as changes to IFRS standards or in the interpretation of standards, which could alter this information.

Presentation of Financial Statements

Under International Accounting Standard (IAS) 1, a complete set of financial statements should include a statement of financial position, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows, accounting policies, and explanatory notes. IAS 1 prescribes various formats and requirements for statement presentation and disclosure. We expect the adoption of IAS 1 to result in several changes to the format of our financial statements, in expanded note disclosure, and in different classification and presentation of line items in our consolidated statements of financial position and consolidated statements of income and comprehensive income.

For example, under IFRS we are required to present our statement of income and comprehensive income by either function or nature. Enterprise currently classifies expenses by a mixture of both function and nature below the gross profit line. There are expenses by function such as selling and administrative and also expenses by nature like depreciation and salaries. Above the gross profit line there is revenue and cost of sales which is reflective of a classification by function.

The consistency of the financial statements will therefore be affected as there is no room under IFRS to incorporate expenses by both function and nature. To present the expenses based on function, expenses such as depreciation and salaries will need to be allocated to these different functions within the statements. Additionally, a number of balances previously captured in below the line accounts have now been reclassified, or partially allocated, to the cost of sales function. As a result, the Company anticipates a reduction in gross margin percentages as a result of these reclassifications, the significance of which is yet to be determined.

Furthermore, reclassifications will also be performed on the statement of financial position as certain line items will be moved into new categories such as provisions, and others will be moved from current to non-current classifications and vice versa, such as future income tax assets, as noted below.

Property and Equipment:

Consistent with Canadian GAAP, under IFRS, separable components of property, plant and equipment ("PP&E") are recognized initially at cost. Under International Accounting Standards ("IAS") 16, Property, Plant and Equipment, an entity is required to choose, for each class of PP&E, to use either the cost model (consistent with Canadian GAAP) or the revaluation model. Under the revaluation model, an item of PP&E

is carried at is revalued amount, which is its fair value at the date of the revaluation less any accumulated amortization and accumulated impairment losses. Increases in fair value are recorded in a revaluation surplus account in equity. Decreases in fair value will reduce the revaluation surplus account with any excess recognized in income.

The Company has elected to adopt the fair value on transition model under IFRS. On a go forward basis, Enterprise has elected to adopt the cost model and will review annual depreciation methods and useful lives.

The Company is in the process of adjusting internal controls and corporate policies to incorporate the identification of significant components and account for them on a separate basis. Additionally, work instructions are being provided regarding the treatment of repairs and maintenance expense in different scenarios, to inform key financial staff of IFRS requirements surrounding routine inspections, major overhauls, and derecognition of components.

Asset Impairments:
For assets other than financial assets, Canadian GAAP states a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Under IAS 36, Impairment of Assets, a write-down is recognized if the recoverable amount is less than the carrying value. The recoverable amount is the higher of the estimated fair value less costs to sell or value in use. Impairment is calculated as the amount by which the asset's carrying value exceeds its recoverable amount. It is possible that additional write-downs will be necessary under IFRS compared to Canadian GAAP if discounted cash flows are less than the carrying value but undiscounted cash flows are not.

During the year, the Company engaged the services of professional asset appraisal firms to determine the fair value of the Company's assets. Based on the results of the appraisal, the Company has not recorded any asset impairment for the year ended December 31, 2010, as any adjustment to the balances would be immaterial. The Company will assess for asset impairment on an annual basis.

Canadian GAAP does not permit the reversal of any previous impairment losses. IFRS requires the reversal of previous impairment losses where circumstances have changed such that the impairments have reduced. This could result in increased fluctuations in earnings, carrying values of PP&E, and the balances in shareholders' equity.

Other opening statement of financial position adjustments
In addition to adjustments relating to the above key areas affected by IFRS, there are some additional adjustments at transition date that have been identified by the Company.

Income Taxes
IFRS and Canadian GAAP accounting for income taxes are similar. However, various changes in accounting policies under IFRS will impact the corresponding deferred tax asset or liability. In addition, under IAS 12, we will be required to reclassify deferred tax assets and liabilities from current to non-current. As at December 31, 2010, the Company had a change in the valuation allowance and as such, the benefit of the Company's future income tax asset has not been recognized in these financial statements. The Company evaluates at each reporting date if this asset is "more likely than not" to be realized. Changes based on this evaluation could be material.

The Company has other opening statement of financial position adjustments impacted by IFRS, however they are relatively immaterial in nature.

IFRS 1 – First-time Adoption of IFRS:
Adoption of IFRS requires the application of IFRS 1, First-time Adoption of International Financial Reporting Standards. IFRS 1 lists specific exemptions Enterprise may use when first adopting IFRS.

Business Combinations

For business combinations that occurred before the transition date, Enterprise has the choice to either restate all of these business combinations under IFRS, restate all business combinations after an internally elected date, or not to restate any of the business combinations. Assets and liabilities acquired in a business combination that is not restated may still be de-recognized if they do not qualify for recognition under IFRS.

The Company has participated in several business combinations and has elected to take this exemption so that any business combinations that occurred prior to January 1, 2010 will remain unchanged, subject to the requirements of Appendix C of IFRS 1.

Share-based payments

For share-based payments, IFRS provides the Company the choice of whether or not to apply the fair value approach in accounting for share based payments arrangements to equity instruments that vested before the transition date. Any shares that remain unvested at the transition date are required to be revalued using the fair value approach.

Enterprise has chosen to exempt its share-based payments that vested before January 1, 2010.

Leases

At the date of transition, for existing arrangements, Enterprise has the option of classifying its leases as operating leases or finance leases on the basis of circumstances existing at the inception of the lease or choosing an exemption not to reassess any arrangements previously determined under GAAP.

The Company elected to not reassess any arrangements prior to the transaction date to determine if they contain a lease, as such there will be no impact on the financial statements.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Fair-value or revaluation as deemed cost

IFRS requires PP&E to be measured at a cost in accordance with IFRS. An exemption exists, upon transition to IFRS, which permits an asset to be recorded at deemed cost which is the fair value at the date of transition, or an event-driven valuation. This exemption may be applied to individual items of PP&E. Any write-up of the asset to a fair value above cost will be recorded in retained earnings.

The Company has elected to apply the fair value as deemed cost exemption for certain items of property and equipment. The deemed cost will become the historical cost on the opening balance sheet under IFRS.

Overall effect on opening retained earnings

The adjustments described above all have an impact on the retained earnings balance as at January 1, 2010. The Company is still in the process of determining the overall effect of these adjustments will have on retained earnings.

Impact of IASB projects

The IASB has several projects slated for completion in 2011 that may significantly impact the transition to IFRS and the financial statements of the Company. Enterprise continues to monitor the IASB's progress on these projects and their impact on the Company's transition to IFRS.

Impact on information systems and technology

Enterprise will make retrospective adjustments to Canadian GAAP figures as at December 31, 2010 in order to determine IFRS opening balances as at January 1, 2011 as well as implement the modifications required to existing reports and new reports created to facilitate preparation of the increased note disclosure required by IFRS. Adjustments to reports are anticipated as the year progresses and the reports are put to use.

Impact on internal controls
The Company's transaction-level controls will not be affected by the transition to IFRS in any material way. The transition to IFRS for Enterprise mainly affects the presentation and disclosure of its financial statements. This may lead to significant presentation and process changes to report more detailed information in the notes of the financial statements, but it is not currently expected to lead to many measurement or fundamental differences in the accounting processes used by the Company.

Financial reporting controls will change due to the transition to IFRS, but the impact will be minimal. The majority of change surrounds new processes, or modified processes, due to the fact that IFRS requires more judgment with respect to various accounting treatments. Processes and controls will be put in place to ensure Enterprise is making the appropriate judgments and following the IFRS accounting policies selected. Ongoing processes required to properly apply some of Company's IFRS accounting policies from the start of 2010 for comparative purposes have been put in place and will be applied by all divisions.

Enterprise's finance group will continue to receive training on a regular basis to ensure they have the required understanding of new processes, policies and technical knowledge.

Controls and Procedures
In order to ensure that information with regard to reports filed or submitted under securities legislation presents fairly in all material respects the financial information of the Corporation, management including the President/Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures, as well as internal control over financial reporting.

Internal Control Over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting
The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management has used the Internal Control – Integrated Framework to evaluate the effectiveness of internal control over financial reporting which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of December 31, 2011, and has concluded that such internal controls over financial reporting were not effective as described below.

Disclosure Controls and Procedures
The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined in National Instrument 52-109) and concluded that the Corporation's disclosure controls were not effective during the year due to weaknesses in internal control with respect to the financial reporting process as discussed below.

Our disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Corporation is made known to the CEO and CFO by others and that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified by securities legislation. Management has also designed internal controls over financial reporting and has conducted an evaluation of those controls.

The weaknesses in internal control over financial reporting include those over:

- significant accounting estimates or judgments
- the preparation, documentation and review of the financial statement footnotes and other disclosure information, and
- policies and procedures for period end closing

Management and Board reviews have been utilized to mitigate these risks, but there is no guarantee that a material misstatement would be prevented.

On November 17, 2010, a Chief Financial Officer was hired with the objective to address these weaknesses and implement controls to improve the financial reporting process.

In the fourth quarter of 2010, management implemented additional managerial and oversight controls to review key transactions and believes the necessary steps have been taken to remediate the above weaknesses.

OUTLOOK

In March 2010, Enterprise announced its underground utility and infrastructure division finalized negotiations with one of Canada's premier power suppliers on a multi-year contract. The contract is now well underway, with revenues increasing as we continue to ramp up production to meet the customer's growing demands.

In addition to the contract, Enterprise's largest clients in the underground utility and infrastructure division have a significant backlog of work for which the Company is the primary contractor. These clients have also released work programs that began in the second half of 2010 and continue into 2011.

The number of new subdivision developments has also increased this year due to low interest rates and the demand for new housing. Management expects this trend to continue through 2011. The Company's underground utility and infrastructure division specializes in the type of infrastructure that new subdivisions require.

Although this division was hampered by wet weather through the spring and summer months, it will return to operating at or near full capacity with expectations of margins returning to the 42% to 50% range in the foreseeable future as the developers are pushing for the completion of these.

Recognizing the opportunity at hand, management plans to increase this division's production capacity through organic growth and acquisitions. The addition of key personnel, equipment and identifying potential targets for acquisition are all incorporated into the strategic growth of the underground utility and infrastructure division.

Although the global financial and economic turmoil continues to add to the uncertainty for commodity prices, a sense of optimism has returned to the energy sector.

The price of crude oil has been steadily increasing for several months and has once again broken through $100 per barrel; capital expenditure budgets in 2010/2011 for conventional oil based assets have increased for the first time since 2006, and in some cases the increases are 50% greater than 2009 levels; oil sands projects that were put on hold in late 2008 and early 2009 are coming back on line; several large oil companies are tendering large pipeline construction projects in Northern Alberta for construction in 2011; and to date the overall volume of projects released for tender is greater than anticipated.

The increased access to capital for many of the oil and gas companies has resulted in an increase in the number of wells of drilled in the Western Canadian Sedimentary Basin in 2010. The Canadian Association of Oilwell Drilling Contractors is forecasting increased drilling activity through 2011 with drilling rig utilization increasing to 45% in 2011 from 41% in 2010. This is in stark contrast to the drilling rig utilization rate of 24% in 2009. Management believes all of these indicators will lead to higher revenue and margins in 2011 however, the Company will continue to bid projects at margins that it feels is competitive, but that will not put it at a greater risk of large losses.

In combination with the projected increase in project margins, management is continuing to monitor overheads and cut costs, while maintaining the effectiveness of the energy sector operations. Also, with the majority of these projects being in Northern Alberta, Enterprise is geographically well positioned in relation to these projects. Our flagship operation for the energy sector is located in Slave Lake, Alberta which is surrounded by the conventional oil activity in Northern Alberta.

As the Company returns to profitability it will begin utilizing its $9.75 million of non capital losses to offset any income taxes payable. As a result, the Company's profits are effectively tax free until the non capital losses are fully utilized.

Along with returning to profitability, one of the Company's top priorities is to replace its existing term debt with conventional forms of debt financing. Management is actively pursuing new financing as it will greatly improve the Company's balance sheet, reduce current debt obligations, improve cash flow and fund new growth opportunities. The Company's relatively new equipment fleet along with its other assets provides strong security for potential lenders.

The Company 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 team to prudent financial management. Consequently, Enterprise will continue to actively pursue opportunities to enter new geographic territories and make strategic acquisitions. With the Company's belief that the global economy is beginning to recover, we are certainly upbeat about the indicators we are seeing.

Conclusion

Management's outlook for its services is optimistic. The economy is recovering, activity in the energy sector is increasing, and the service demands for underground and directional drilling services growing. Management believes that Enterprise is relatively well positioned due to the diversity of its business and operational performance. Management also believes that a balanced and diversified position in underground utilities and infrastructure, pipeline construction services, and transportation infrastructure is the best path to generating shareholder value.

Enterprise's customers include some of Canada's largest energy producers, telecommunication providers, utility service providers and the federal and provincial governments of Canada. The Company employs management experienced in infrastructure projects to spearhead more civic-related construction and maintenance as there are inherent synergies in the equipment, crews and services provided.

Over the last year, 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. Enterprise will continue to exercise fiscal and operational prudence by monitoring overheads and reducing costs where necessary while maintaining the effectiveness of the operations.

We believe that the Company is turning a corner. With the diversification of our construction services, streamlining of our operations, and our cash management measures, we believe that Enterprise is relatively well positioned operationally to take advantage of the increased economic activity which should allow for improvement in financial performance.

Management 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 throughout the Western Canadian provinces and strives to provide excellent customer service and is optimistic about its future prospects.

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 and Corporate Secretary

Ron Ingram, Director

Jason Krueger, CFA, Director

James P. Stout, CA, Director

Nick Demare, CA, Director

PIPELINE CONSTRUCTION TEAM AND BOARD OF ADVISORS

Pete Kalf, Project Manager – Central Alberta

Tom Lavender, General Manager – Underground Utilities and Infrastructure Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Brian M. Stasynec, CA, Chief Financial Officer

Doug Moak, General Manager

Francine Coleman, Divisional Controller

Bonnie Elvertorp, Human Resources / Safety Coordinator

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