ENTERPRISE
OILFIELD GROUP, INC.

Management's Discussion and Analysis

For the three months ended March 31, 2012 and 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2012 and 2011

This Management Discussion and Analysis (MD&A) should be read in conjunction with the unaudited Condensed Interim Consolidated Financial Statements (the "Financial Statements") and the notes contained therein of Enterprise Oilfield Group, Inc. ("Enterprise" or the "Company") for the three months ended March 31, 2012.

The Financial Statements are prepared on a going concern basis and have been presented in Canadian dollars and have been prepared, for all periods presented, in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using the same accounting policies and methods of computation as were used for the Company's Consolidated Financial Statements for the year ended December 31, 2011 (the "2011 Financial Statements"), except for the new accounting pronouncements which are outlined in detail in the "Changes in Accounting Policy and Presentation" section in this MD&A. The Financial Statements should be read in conjunction with the 2011 Financial Statements, the 2011 MD&A and the 2011 AIF filed with Canadian regulatory agencies. The documents are available at www.sedar.com and at www.enterpriseoil.ca.

This MD&A was prepared effective May 11, 2012.

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 IFRS, 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, impairment losses and share-based payments. EBITDAS is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS.

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 IFRS) as an indicator of financial performance or to cash flow from operating activities (as determined under IFRS) 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 IFRS 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 IFRS. This measure has been described and presented in the same manner in which the chief operating decision-maker makes operating decisions and assesses performance.

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 installation of underground utility infrastructure and directional drilling, 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 underground utility construction. Combined with our industry expertise and experienced field personnel, Enterprise has become the supplier of choice in this sector, which has enabled 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. The Company has the equipment and expertise to undertake a project from start to finish. Major projects in this industry relate to the construction of pipelines, including up to 12" diameter steel pipe. Enterprise will increase its collective customer base and overall revenues by developing a skilled labour force, supported by a complete fleet of vehicles and equipment, thereby providing wide geographic coverage of energy services in Western Canada.

In addition to these two markets, the Company officially launched its new rental division, E One Limited, in the first quarter of 2012, and has secured contracts with several blue chip clients.

Seasonality of Operations
A significant portion of Enterprise's operations relate to services provided to underground utility and directional drilling customers in Alberta. The demand for these types of services typically peak during the summer and fall months due to increased subdivision activity and then gradually decline in the winter months due to frozen ground. This is followed by wet soil conditions in the spring due to spring thaw and rain. Although this industry is less affected by seasonality than the oilfield services industry, the spring quarter is typically its slowest quarter of the year.

The Company's earnings in the energy sector 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.

OUTLOOK

The economy continues to gain momentum in Canada and expectations are that it will continue to grow through 2013. BMO economists are predicting that Western Canada will lead the nation in economic growth, and the Province of Alberta will lead all provinces in real GDP growth and employment growth in 2012 and 2013 due to robust activity in the energy sector.

Enterprise is realizing the benefits of the economic activity, recording a profit in the first quarter of 2012. All of the Company's divisions, the underground utility and infrastructure division and the energy services/rental division saw increases in gross profit of 11% and 134% respectively and increases in EBITDAS of 20% and 567% respectively over the same period last year.

The underground utility and infrastructure division is currently operating at or near capacity. The multi-year contract Enterprise signed in March of 2010, with one of Canada's premier power suppliers is well underway and revenues are increasing as we continue to ramp up production to meet the customer's growing demands. In addition to the contract, Enterprise's largest customers in the underground utility and infrastructure division have a significant backlog of work that will carry through 2012.

The number of new subdivision developments is also expected to increase in 2012 and 2013 due to low interest rates and the demand for new housing. As such, Enterprise's largest customers in the subdivision industry are forecasting significant growth over the next two years. The Company's underground utility division specializes in the type of infrastructure that new subdivisions require. Therefore, management expects subdivision projects to remain strong through 2013.

Recognizing the opportunity at hand, management has begun executing its plan to increase this division's production capacity by adding key personnel and equipment to this operation. In addition to organic growth, management has identified several potential acquisition targets that if acquired, will contribute significantly to the growth of this division.

The energy sector is expected to continue its rapid growth in activity and propel the Province of Alberta into nation leading growth in 2012 and 2013. The price of crude oil has again broken through the $100 per barrel mark and capital expenditure budgets for conventional oil based assets are increasing. Many of the oil and gas service and completion companies are reporting increases in activity, revenue and profitability. Additionally, BMO analysts are reporting that as of October 2011, oil production in Alberta increased by 9.3% year over year with 2012 and 2013 forecasted to be even busier.

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 2011. This trend is expected to continue on 2012 and 2013. On November 8, 2011, The Canadian Association of Oilwell Drilling Contractors (CAODC) forecasted that the drilling rig fleet in the WCSB will expand by 34 units in 2012, adding that the industry has not seen this kind of growth since 2007. They also forecasted drilling rig utilization to be 49% in 2012, versus a forecast of 51% in 2011. In comparison, actual drilling rig utilization in 2010 was only 43%. The decrease in the forecasted drilling rig utilization is directly related to the expected increase in drilling rig capacity, as their forecasted number of wells to be drilled in 2012 increased marginally over 2011. These are clear indicators that the construction services provided by the Company will continue to increase in demand in the near future and management is highly optimistic about the upcoming opportunities.

As a result of the increased activity, many companies in the road lease building, drilling and completion sectors of the industry are continuing to report significant increases in revenue and profitability and Enterprise is beginning to realize these benefits of the activity as well.

Margins on awarded bid projects are increasing, however many of them were still below the Company's comfort zone. As such, the Company will continue to bid projects at margins that it feels are competitive. However, the Company is now being awarded projects based on forced account/hourly rates, which have significantly higher margins than bid work.

With many of these projects being located 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.

In addition to these two industries, in the third quarter of 2011, Enterprise began taking advantage of the limited supply of heavy equipment in the market place by renting its underutilized equipment. The pilot project was met with such success, that the Company officially launched its new rental division, E One Limited, in the first quarter of 2012.

Management believes the growth potential of this division is very strong. BMO analysts noted in the February 2012 edition of the BMO Blue Book that, "companies that have contracts for rented equipment are keeping that equipment, even if they aren't using it; in short, they anticipate more work very soon." To fuel the growth of this division, management is contemplating significant capital expenditures to increase the rental fleet, and has also identified several potential acquisition targets that when completed will also contribute to the growth of this division. The growth will be funded through a combination of working capital from operations, new lease and term debt facilities as well as raising capital through private placements.

As the Company returns to profitability, it will begin utilizing its $9.7 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.

To date, activity continues to be robust and 2012 is setting up to be a profitable year. Management expects substantial organic growth from its operations due to ongoing demand for the Company’s services and the expansion of its new rental division. Additionally, the potential acquisition targets identified by the Company, if acquired, will also contribute significantly to the overall growth of the Company.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended March 31, 2012	Three months ended March 31, 2011
Revenue	**$3,631,355**	$4,230,976
EBITDAS	**$594,941**	$301,996
Net income (loss)	**$168,707**	$(386,092)
Basic and diluted earnings (loss) per share	**$nil**	$(0.01)
Weighted average common shares outstanding - basic	**54,766,697**	48,681,700
Weighted average common shares outstanding - diluted	**55,498,562**	48,681,700
Total common shares outstanding	**54,766,697**	48,681,700
Total assets	**$15,465,266**	$15,043,900
Total liabilities	**$6,303,052**	$7,594,643
Total equity	**$9,162,214**	$7,449,257

Reconciliation of EBITDAS to Historical Results

Statement of Income (Loss)	**Three months ended March 31, 2012**	Three months ended March 31, 2011
Net income (loss)	**$168,707**	$(386,092)
Add:		
Income taxes (recovery)	**nil**	nil
Interest *	**81,451**	306,086
Depreciation and amortization **	**292,131**	336,771
Share-based payments	**52,651**	45,231
EBITDAS	**$594,940**	$301,996

* Interest includes short term interest and interest on long-term debt
** Depreciation and amortization include (gain)/loss on sale of equipment and fair value adjustment

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Enterprise Oilfield Group, Inc. is pleased to announce the Company's first quarter results for the period ended March 31, 2012. The first quarter of 2012, was the third consecutive quarter of profitability for Enterprise. The Company recorded a consolidated net income of $169 thousand for the three months ended March 31, 2012, compared to a net loss of $386 thousand over the same period last year, an increase of $555 thousand or 144%. Consolidated revenue decreased by 14% to $3.6 million compared to $4.2 million in the same quarter last year, however consolidated gross profit grew to $1.2 million, an increase of $226 thousand or 23% over the same period in the prior year. Consolidated EBITDAS also increased for the quarter, growing to $595 thousand, an increase of $293 thousand or 97% over last year.

The underground utility and infrastructure division's revenue for the the three months ended March 31, 2012, was $3.0 million, compared to $3.5 million in the prior year, a decrease of 16%. However, gross profit grew to $1 million, an increase of 11% and EBITDAS for this division grew to $893 thousand from $742 thousand, an increase of 20% from the prior year. The decrease in revenue for this division is largely due to the mild winter leading up to the end of 2011. The mild conditions allowed for a number of projects to be completed sooner and more efficiently. As a result, the amount of work carried over into the new year was slightly less than anticipated. However, the mild conditions in the first part of 2012, contributed to greater margins and increased EBITDAS compared to the same period last year. The Company anticipates this division will operate at or near full capacity for the remainder of 2012 and into 2013.

The energy services/rental division's revenue was $643 thousand compared to $691 thousand in the prior year, a decreased by 7%. However, similar to the Company's other division, this division also grew its gross profit to $224 thousand, an increase of 134% and grew EBITDAS to $81 thousand, an increase of 567% over the same period last year. Although revenue remained relatively flat for this division, margins and gross profit increased. This is primarily the direct result of the launch of the Company's rental division. E One Limited. This division began to contribute significantly to the organization in the second half of the quarter, increasing the Company's margins and EBITDAS. Management expects the growth in this division to continue throughout the year. Additionally, the Company is continuing its strategy of focusing on smaller cost plus projects in the oilfield services industry which also result in higher margins for the Company.

Along with Company's continued profitability, Enterprise continued to improve its statement of financial position, by paying down over $256 thousand of existing debt and entering into new financing facilities that better serve the needs of the Company. In February 2012, the Company entered into a financing arrangement with a Canadian financial institution to secure a $410,000 non-revolving term loan. This facility has an interest rate of zero percent (0%) with principal only payments during the first 24 months of the loan followed by payments of principal plus interest at 5.585% for the remaining 24 months of the loan. The proceeds of the loan will be used to purchase a new directional drill for the underground utilities and infrastructure division that will be used across all of the Company's divisions. The Company expects the new drill will be delivered and operational in May 2012, and will draw down the funds from the new term loan facility at that time. See "Other Significant Events During the Three Months Ended March 31, 2012" in this MD&A for a more detailed account.

In April 2012, the Company negotiated a new mortgage facility with a Canadian financial institution in the amount of $390,000. The facility, amortized over 156 months, has a 5 year term with a stated interest rate of zero percent (0%) and principal only payments for the first 24 months of the loan followed by principal plus interest payments for the remaining portion. The effective and stated annual interest rate during the interest period is 6.010%. This facility will be used to pay out the Company's existing mortgage facility.

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. For the quarter ended March 31, 2012, general and administration costs, including depreciation and amortization decreased by $389 thousand compared to the same period in 2011. For further information see the section titled "Selected Consolidate Expenses" in this MD&A.

Gross margin

The gross margin of the Company for the three months ended March 31, 2012, was 33.8% compared to 23.6% for the same period in the prior year.

In the underground utilities and directional drilling division, gross margin for the three months ended March 31, 2012, was 33.5% compared to 25.5% for the three months ended March 31, 2011. The increase in the gross margin is largely due to the mild winter conditions in early 2012 compared to heavy snowfall during the early months of 2011.

The mild winter made for relatively favourable working conditions which allowed for subdivision work to continue throughout the winter months. The Company expects higher margins in this division through 2012, as this division is currently operating near full capacity.

The gross margin in the energy services/rental division also increased substantially. For the three months ended March 31, 2012, the gross margin was 34.8% compared to gross margin of 13.8% for the same period in the prior year. The Company's rental division began to contribute significantly in the second half of the quarter, with a significant portion of its heavy equipment out. Additionally, the Company continued its practice of bidding projects at reasonable margins, and choosing not to work for low or negative margins. As a result, the Company is being awarded smaller construction projects at forced account/hourly rates, which have significantly higher margins than bid work. Together, these initiatives contributed significantly to higher gross margins for this division.

Selected Consolidated Expenses

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

Selected Consolidated Expenses	**Three months ended March 31, 2012**	Three months ended March 31, 2011
Depreciation, amortization and impairment losses	**$304,259**	$339,003
Management and administrative salaries and fees *	**$342,281**	$271,257
Professional and consulting fees	**$72,347**	$208,699
Interest and bank charges	**$81,451**	$306,086
Advertising and promotion	**$44,162**	$27,087

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

Management and administrative salaries and fees amounted to $342 thousand or 9.4% of revenue compared to $271 thousand or 6.4% of revenue for the three months ended March 31, 2011. The increase was due to management fees charged to the Company related to additional refinancings and the addition of personnel to the Company.

For the three months ended March 31, 2012, professional and consulting fees amounted $72 thousand or 2.0% of revenue compared to $209 thousand or 4.9% of revenue for the three months ended March 31, 2011. This decrease is due to engaging the expertise of consultants relating to legal, transition to IFRS and other accounting related matters for the Company in 2011.

Interest on loans and borrowings amounted $81 thousand or 2.2% of revenue compared to $306 thousand or 7.2% of revenue for the three months ended March 31, 2011. The decrease in interest expense reflects the reduced interest costs as a result of refinancing the high interest loans that the Company was carrying in the prior year.

For the three months ended March 31, 2012, advertising and promotions amounted to $44 thousand or 1.2% of revenue compared to $27 thousand or 0.6% of revenue for the three months ended March 31, 2011. The increase is due to increased activities in stock promotion and costs associated with the launch of E One Limited, the Company's new rental division.

Cash Flow Information

A summary of cash flow information for the periods ended March 31, 2012, and 2011, is set out below:

Cash Flow Information	**Three months ended March 31, 2012**	Three months ended March 31, 2011
Net cash provided by operating activities	**$921,812**	$212,413
Net cash used in financing activities	**(326,431)**	(531,105)
Net cash used in investing activities	**(196,762)**	(73,340)
Change in cash and cash equivalents	**398,619**	(392,032)
Cash and cash equivalents, beginning of period	**357,203**	392,032
Cash and cash equivalents, end of period	**$755,822**	$nil

Financial Statistics and Ratios	**Three months ended March 31, 2012**	Three months ended March 31, 2011
Gross margin as a percentage of revenue	**33.8%**	23.6%
Net income (loss) as a percentage of revenue	**4.6%**	(9.1)%
EBITDAS as a percentage of revenue	**16.4%**	7.1%

Segmented Information

The Company operates in two main business segments in Western Canada, installation and maintenance of underground utilities and directional drilling in the utility and transportation infrastructure industry sector, along with pipeline/facilities construction and maintenance and equipment rental in the energy sector . The business segments presented reflect the management structure of the Company and the way the Company's management reviews business performance. The accounting policies and practices of the reportable segments are the same as those described in note 2 of the accompanying financial statements.

	Underground utilities and directional drilling		Pipeline/ facilities construction and equipment rental		Corporate		Consolidated	
Three month ended March 31	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Revenue	**$2,987,727**	$3,539,579	**$643,628**	$691,397	**$nil**	$nil	**$3,631,355**	$4,230,976
EBITDAS	**$893,089**	$742,440	**$80,813**	$12,114	**$(378,961)**	$(452,558)	**$594,941**	$301,996
Depreciation, amortization and impairment losses	**$137,984**	$45,529	**$157,771**	$288,253	**$8,504**	$5,221	**$304,259**	$339,003
Fair value adjustment	**$nil**	$nil	**$nil**	$nil	**$(7,128)**	$nil	**$(7,128)**	$nil
Interest and bank charges	**$37,252**	$100,483	**$27,646**	$192,503	**$16,554**	$13,100	**$81,452**	$306,086
Loss (gain) on sale of equipment	**$nil**	$nil	**$(5,000)**	$(2,232)	**$nil**	$nil	**$(5,000)**	$(2,232)
Share-based payments	**$nil**	$nil	**$nil**	$nil	**$52,651**	$45,231	**$52,651**	$45,231
Income (loss) before taxes	**$717,853**	$596,428	**$(99,604)**	$(466,410)	**$(449,542)**	$(516,110)	**$168,707**	$(386,092)
Total identifiable assets	**$8,349,026**	$7,371,138	**$6,109,514**	$7,130,850	**$1,006,726**	$541,912	**$15,465,266**	$15,043,900

SUMMARY OF QUARTERLY RESULTS

	2012	2011				2010		
	Mar. 31	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**	**Sep. 30**	**Jun. 30**
Revenue	$3,631,355	$6,225,300	$4,811,670	$2,615,763	$4,230,976	$4,005,521	$3,426,404	$2,921,784
Net income (loss)	$168,707	$886,406	$743,483	$(1,164,925)	$(386,092)	$(3,636,197)	$(543,067)	$(843,061)
Earnings (loss) per share - Basic and Diluted	$0.00	$0.02	$0.01	$(0.02)	$(0.01)	$(0.07)	$(0.01)	$(0.02)

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

OTHER SIGNIFICANT EVENTS DURING THE THREE MONTHS ENDED MARCH 31, 2012

On February 24, 2012, the Company entered into a financing arrangement with a Canadian financial institution to secure a $410,000 non-revolving term loan. The facility is secured by specific equipment, a general security agreement on all assets of the Company and guarantees by the Company and an officer and director of the Company. The fair value of the loan proceeds of $410,000 (face value) is $376,868. The facility is bearing interest at an effective rate of 5.585% and is at a stated interest rate of zero percent (0%) during the interest free period of the first 24 months of the loan. Principal payments only are required for the first 24 months of the loan, and principal plus interest for the remaining 24 months of the loan. The effective and stated annual interest rate during the interest period is 5.585%. The proceeds of the loan will be used to purchase a new directional drill for the underground utilities and infrastructure division and will be available for use across all of the Company's divisions. The Company expects the new drill to be delivered, and operational in May 2012, and will draw down the funds from the new term loan facility at that time.

SUBSEQUENT EVENT

In April 2012, the Company entered into a new mortgage facility with a Canadian financial institution in the amount of $390,000. The mortgage is secured by specific property, guarantees by the Company and a director and officer of the Company. The facility, amortized over 156 months, has a 5 year term and is bearing interest at an effective rate of 6.010% with a stated interest rate of zero percent (0%) during the first 24 months of the loan. Principal payments only are required for the first 24 months of the mortgage, and principal plus interest payments are required for the remaining portion. The effective and stated annual interest rate during the interest period is 6.010%. This facility will be used to pay out the Company's existing mortgage facility.

OUTSTANDING SHARE DATA

	May 11, 2012	Mar. 31, 2012	Dec. 31, 2011
Common shares outstanding	**54,766,697**	54,766,697	54,766,697
Stock options outstanding	**3,700,000**	4,220,000	4,320,000
Warrants outstanding	**7,284,997**	7,284,997	7,284,997
Total	**65,751,694**	66,271,694	66,371,694

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 March 31, 2012.

RELATED PARTY TRANSACTIONS

The Company has entered into various transactions with corporations that are controlled by officers and directors of the Company and corporations that either control the Company or have common ownership. Related party transactions not otherwise disclosed in this MD&A are as follows:

The Company paid $12,000 for premises rented for the Company's office in Slave Lake during the three months ended March 31, 2012, to a company controlled by a director.

The Company paid $75,750 for the rental of equipment during the three months ended March 31, 2012, to companies controlled by a director.

The Company paid $9,000 for the rental of yard premises in Innisfail, Alberta, during the three months ended March 31, 2012, to a company controlled by a director.

The above related party amounts outstanding as at March 31, 2012, are $nil.

At March 31, 2012, the Company has the following related party loans payable:

- $231,689 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.
- $150,000 unsecured demand loan, bearing interest at 16% per annum due to a related company which is controlled by a member of management of the Company.

During the three months ended March 31, 2012, the Company incurred interest expense in the amount of $12,680 on the loans to related parties of which is $nil is outstanding and included in loans payable at March 31, 2012.

These transactions were recorded at the exchange amount established and agreed to by the parties. All transactions were rendered in the normal course of business during the period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. The significant areas of estimation and critical judgements and their potential effects as described in the Company's 2011 MD&A have not changed during the current period. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

CHANGES IN ACCOUNTING POLICY AND PRESENTATION

On January 1, 2012, the Company retrospectively adopted *IAS 1, "Presentation of Items of OCI: Amendments to IAS 1 Presentation of Financial Statements"*. The amendments stipulate the presentation of net earnings and other comprehensive income ("OCI") and require the Company to group items within OCI based on whether the items may be subsequently reclassified to net earnings. The adoption of the amendments to this standard did not have a material impact on the Company's financial statements. The Company has grouped the items within OCI based on whether the items may be subsequently reclassified to net earnings on the Condensed Consolidated statements of income.

On January 1, 2012, the Company adopted *IFRS 7 Financial Instruments: Disclosures, Amendment regarding Disclosures on Transfer of Financial Assets*. This amendment required the Company to provide disclosures for all transferred financial assets that are not derecognized and for a continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There was no impact to the Financial Statements as a result of adopting this Standard.

On January 1, 2012, the Company adopted *IAS 12 Income Tax, Amendment regarding Deferred Tax: Recovery of Underlying Asset*. The amendment requires an entity to recognize a deferred tax asset or liability depending on the expected manner of recovery or settlement of the asset or liability and for which the tax base is not immediately apparent. There was no impact to the Financial Statements as a result of adopting this Standard.

ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

In May 2011, the *IASB* issued the following standards which have not yet been adopted by the Company: *IFRS 7, Financial Instruments: Amendment regarding Offsetting Financial Assets and Financial Liabilities (IFRS 7), IFRS 9, Financial Instruments (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, IFRS 13, Fair Value Measurement (IFRS 13)*, amended *IAS 28, Investments in Associates and Joint Ventures (IAS 28)*, *IAS 19 Employee Benefit*s (AIS 19), and *IAS 32 Financial Instruments; Offsetting Financial Assets and Financial Liabilitie*s (AIS 32).

Except for *AIS 32 and IFRS 9*, each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. *AIS 32 and IFRS 9* are effective for annual periods beginning on or after January 1, 2014, and January 1, 2015, respectively with early adoption permitted.

The following is a brief summary of the new standards:

IFRS 7 Financial Instruments: Amendment regarding Offsetting Financial Assets and Financial Liabilities. This amendment enables users of the financial statements to better compare financial statements prepared in accordance with *IFRS* and US Generally Accepted Accounting Principles. The Company will start the application of *IFRS 7* in the financial statements effective from January 1, 2013. The Company does not expect any impact to the financial statements as a result of adopting this Standard.

IFRS 9 Financial Instruments: This standard replaces the current *IAS 39 Financial Instruments Recognition and Measurement*. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The Company will start the application of *IFRS 9* in the financial statements effective from January 1, 2015. The Company has not yet evaluated the impact on the financial statements.

IFRS 10 Consolidated Financial Statements: This standard replaces the current *IAS 27 Consolidated and Separate Financial Statements*. The standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The Company will start the application of *IFRS 10* in the financial statements effective from January 1, 2013. The Company does not expect any impact to the financial statements as a result of adopting this Standard.

IFRS 12 Disclosure of Interests in Other Entities: This standard requires disclosures relating to an entity's interests in subsidiaries. The Company will start the application of *IFRS 12* in the financial statements effective from January 1, 2013. The Company does not expect any impact to the financial statements as a result of adopting this Standard.

IFRS 13 Fair Value Measurements: This standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The Company will start the application of *IFRS 13* in the financial statements effective from January 1, 2013. The Company has not yet evaluated the impact on the financial statements.

IAS 28, "Investment in Associates and Joint Ventures: The amendments to require retrospective application and will be adopted by the Company on January 1, 2013. The adoption of the amended standard is not expected to have a material impact on the Company's consolidated financial statements.

*IAS 19 Employee Benefit*s: The standard prescribes accounting and disclosure for employee benefits. The Company currently contributes to a defined contribution plan. The Company will start the application of this standard in the financial statements effective from January 1, 2013. The Company does not expect any impact to the financial statements as a result of adopting this Standard.

*IAS 32 Financial Instruments; Offsetting Financial Assets and Financial Liabilitie*s: The amendment provides further clarification on the application of the offsetting requirements. The Company will start the application of *IAS 32* in the financial statements effective from January 1, 2014. The Company has not yet evaluated the impact on the financial statements.

RISKS AND UNCERTAINTIES

The Company's activities expose it to a variety of financial risks that arise as a result of certain financial instruments held such as credit risk, liquidity risk, and, market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

The Company's exposure to the above risks remains largely unchanged since December 31, 2011. For a detailed discussion of these risks, see the Company's 2011 AIF and MD&A filed on the Canadian Securities Administrator's website www.sedar.com. The following presents updated information about the Company's exposure to the above risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual 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 industries. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. 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 does not anticipate any significant default as it transacts with creditworthy customers and management does not expect any significant losses from non-performance by these customers. As such an additional provision for doubtful accounts of $nil has been recorded for March 31, 2012.

The majority of the accounts receivable relates to sub division underground utilities installation for large energy and utility providers and as such invoices outstanding over 90 days are not uncommon. Management is aware of uncollectable receivables in this category of $nil, which is included in the $nil above .

Included in accounts receivable at March 31, 2012, was $1,407,099 or 37% of total accounts receivable owing from three customers due to the significant contracts in progress at March 31, 2012.

As at March 31, 2012, the Company's maximum exposure to credit risk in this area was as follows:

	Total	**1 – 90 days**	**91 – 120 days**	**121+ days**
Accounts Receivable - 2012	**$3,800,280**	$3,575,373	$59,452	$165,455

Cash and cash equivalents consist of cash bank balances held in both interest and non-interest bearing accounts. The Company manages credit exposure of cash by selecting financial institutions with high credit ratings.

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 Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the principal repayment requirements of the Corporation's financial obligations for the next five years and thereafter based on the Company's current repayment schedules as at March 31, 2012:

Contractual Obligations	**Total**	**2013**	**2014**	**2015**	**2016**	**2017**	**After 5 years**
Trade and other payables	$1,375,059	$1,375,059	$ nil	$ nil	$ nil	$ nil	$ nil
Loans and borrowings	$4,927,993	$2,578,509	$ 800,004	$ 789,178	$ 660,144	$ 100,158	$ nil
Operating lease commitments	$ 671,952	$ 386,322	$ 275,760	$ 3,589	$ 3,589	$ 2,692	$ nil
Total contractual obligations	$ 6,975,004	$ 4,339,890	$ 1,075,764	$ 792,767	$ 663,733	$ 102,850	$ nil

The Company may be exposed to liquidity risk if it is unable to collect its trade and other receivables 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 unscheduled 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. See note 3 of the accompanying financial statements for further information in relation to liquidity.

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

Capital Management

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing returns. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending at March 31, 2012, rate to impact the Company's annual interest expense by approximately $22,880. The Company has not entered into any derivative agreements to mitigate this risk.

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; 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.

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 trade and other payables, 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 marketable securities.

	March 31, 2012	**December 31, 2011**
Total debt (as defined above)	**$ 4,927,993**	$ 5,193,819
Less: cash and cash equivalents	**(755,822)**	(357,203)
Net debt (as defined above)	**4,172,171**	4,836,616
Total equity	**9,162,214**	8,904,856
Add (less): amounts in accumulated other comprehensive (income) loss relating to marketable securities	**(32,000)**	4,000
Adjusted capital	**$ 9,130,214**	$ 8,908,856
Net debt-to-adjusted capital ratio	**0.46**	0.54

The reduction in the net debt-to-adjusted capital ratio for March 31, 2012 compared to December 31, 2011, is the direct result of a reduction in total debt by $198 thousand combined with an increase of cash and cash equivalents by $397 thousand and an increase in total equity of $257 thousand.

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 *IFRS*.

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 March 31, 2012, and has concluded that such internal controls over financial reporting were effective. There are no material weaknesses that have been identified by management in this regard.

Material Changes to Disclosure Controls and Procedures and Remediation Plans

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) and concluded that the Company's disclosure controls and procedures were effective as of March 31, 2012, and in respect of the March 31, 2012 interim reporting period.

Our disclosure controls and procedures have been designed to provide reasonable assurance that material information related to the Company is made known to the CEO and CFO by others and that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed by the Company 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.

For the three months ended March 31, 2012, the Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's internal disclosure controls and procedures and have concluded that the Company's disclosure controls and procedures were effective.

The material weaknesses in internal controls that were initially identified for the year ended December 31, 2011, are outlined below. The weaknesses in internal control over financial reporting included those controls over policies and procedures for period end closings within a specific operating division of the Company.

In the first quarter of 2012, a management team was formed with the objective to address these weaknesses and implement controls to improve the financial reporting process. The management team implemented additional managerial and oversight controls to review key transactions. Additionally, the Company hired a divisional controller with the appropriate experience and technical skills within the specific operating division to prevent a reoccurrence of these issues. Management believes the necessary steps have been taken to remediate the above weaknesses, however management will continue to monitor the effectiveness of the changes throughout the year.

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 are 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 directional drilling, 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.

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 excited 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, Director and Corporate Secretary

Nick Demare, CA, Director

Ron Ingram, Director

Fredy Ramsoondar, CGA, Director

PIPELINE CONSTRUCTION TEAM AND BOARD OF ADVISORS

Pete Kalf, Project Manager – Central Alberta

Darryl Northrup, General Manager – Underground Utilities and Infrastructure Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Kevin Spitzmacher, Chief Financial Officer

Colette Dziwenka-Fortin, Corporate Controller

Doug Moak, General Manager

Francine Coleman, Divisional Controller

Colleen Cramer-Manning, Divisional Controller

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