ENTERPRISE GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2017 and 2016

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three months ended March 31, 2017 have not been reviewed by the Company's external auditors.

Condensed Interim Consolidated Statements of Financial Position

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Assets		
Cash and cash equivalents (note 4)	$ **989,750**	$ 691,718
Trade and other receivables (note 4)	**9,706,136**	9,016,545
Income taxes recoverable	**374,945**	374,945
Unbilled revenue	**740,815**	688,452
Inventories	**1,510,675**	1,536,784
Deposits and prepaid expenses	**433,185**	345,076
Assets held for sale (note 3 and 5)	**4,229,570**	4,229,570
	17,985,076	16,883,090
Property, plant and equipment (note 5)	**53,956,820**	55,448,447
Investment property	**3,780,000**	3,780,000
Goodwill	**2,350,529**	2,350,529
Intangible assets	**2,062,746**	2,134,318
Deferred tax assets	**4,020,110**	4,004,109
	66,170,205	67,717,403
Total assets	$ **84,155,281**	$ 84,600,493
Liabilities		
Trade and other payables (note 4)	$ **2,404,540**	$ 2,891,142
Current portion of loans and borrowings (note 6)	**1,034,642**	1,268,796
	3,439,182	4,159,938
Long term portion of loans and borrowings (note 6)	**23,219,687**	22,893,516
Deferred tax liabilities	**4,576,670**	4,576,670
Total liabilities	**31,235,539**	31,630,124
Equity		
Share capital	**79,930,146**	79,930,146
Warrants	**1,448,381**	1,448,381
Contributed surplus	**6,815,970**	6,815,970
Deficit	**(35,274,755)**	(35,224,128)
Total equity	**52,919,742**	52,970,369
Total equity and liabilities	$ **84,155,281**	$ 84,600,493

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Director

(Signed) "John Pinsent, FCPA, FCA, ICD.D." Director

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	Three months March 31, 2017	Three months March 31, 2016 (restated-note 3)
Revenue	**$ 8,878,049**	$ 8,852,177
Direct expenses	**(6,155,731)**	(5,951,566)
Gross margin	**2,722,318**	2,900,611
General and administrative expenses	**(847,881)**	(924,717)
Depreciation of property, plant and equipment	**(1,394,136)**	(1,689,105)
Finance expense	**(337,739)**	(372,662)
Share-based payments	**-**	(521,840)
Amortization of intangible assets	**(73,751)**	(73,438)
Loss on sale of property, plant and equipment	**(26,102)**	(893,665)
(Loss) gain on foreign exchange	**(4,357)**	40,448
Other (expense) income	**(104,980)**	4,943
Loss before income tax	**(66,628)**	(1,529,425)
Income tax recovery	**16,001**	480,295
Net loss from continuing operations	**(50,627)**	(1,049,130)
Loss from discontinued operations, net of tax (note 3)	**-**	(377,492)
Net loss and comprehensive loss	**$ (50,627)**	$ (1,426,622)
Loss per share (note 7)		
Basic and diluted loss per share	**$ 0.00**	$ (0.03)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Cash Flows

		Three months March 31, 2017		Three months March 31, 2016
Cash flows from operating activities:				
Net loss	**$**	**(50,627)**	$	(1,426,622)
Adjustments for:				
Depreciation of property, plant and equipment		**1,394,136**		2,112,148
Amortization of intangible assets		**73,751**		109,813
Loss on sale of property, plant and equipment		**26,102**		893,665
Share-based payments		**-**		521,840
Deferred income tax recovery		**(16,001)**		(718,543)
Finance expense		**337,739**		470,948
Change in non-cash working capital (note 9)		**(1,290,556)**		533,090
Net cash provided by operating activities		**474,544**		2,496,339
Cash flows from financing activities:				
Net proceeds from (repayment of) bank loan facility		**387,693**		(793,177)
Interest and borrowing costs paid on loans and borrowings		**(262,788)**		(538,596)
Repayment of term loan		**(23,340)**		(66,273)
Repayment of finance lease liabilities		**(326,384)**		(935,175)
Repayment of mortgage facility		**(20,903)**		(20,026)
Share issue costs		**-**		(13,670)
Net cash used by financing activities		**(245,722)**		(2,366,917)
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(52,496)**		(1,298,467)
Proceeds on sale of property, plant and equipment		**121,706**		790,626
Net cash provided (used) by investing activities		**69,210**		(507,841)
Change in cash and cash equivalents		**298,032**		(378,419)
Cash and cash equivalents, beginning of period		**691,718**		1,999,775
Cash and cash equivalents, end of period	**$**	**989,750**	$	1,621,356

Net cashflows attributed to discontinued operations (note 3)

Condensed Interim Consolidated Statements of Changes in Equity

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance as at December 31, 2015	55,652,374	$79,930,146	$1,448,381	$5,605,143	$(22,059,088)	$64,924,582
Share issue costs net of tax	-	(13,670)	-	-	-	(13,670)
Share-based payments	-	-	-	521,840	-	521,840
Net loss	-	-	-	-	(1,426,622)	(1,426,622)
Balance as at March 31, 2016	55,652,374	$79,916,476	$1,448,381	$6,126,983	$(23,485,710)	$64,006,130
Balance as at December 31, 2016	55,652,374	$79,930,146	$1,448,381	$6,815,970	$(35,224,128)	$52,970,369
Net loss	-	-	-	-	(50,627)	(50,627)
Balance as at March 31, 2017	**55,652,374**	**$79,930,146**	**$1,448,381**	**$6,815,970**	**$(35,274,755)**	**$52,919,742**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol "E". Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to provide tunnelling services and rent heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise's head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at March 31, 2017, and December 31, 2016, are comprised of the Company and its wholly owned subsidiaries. The consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2017.

2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2016 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2016.

3. Discontinued operations

On July 7, 2016, Enterprise Group, Inc., closed a transaction to divest substantially all of the assets of T.C. Backhoe & Directional Drilling Ltd. (TCB). Gross cash proceeds from the transaction was $16,890,400 plus $2,951,798 of working capital for a total of $19,842,198. Working capital is being paid out over time with the last payment due July 15, 2017. Included in Trade and other receivables at March 31, 2017 is $1,302,944 (2016 - $1,806,436) from the transaction. All proceeds from the transaction will be deployed towards reducing the Company's debt.

During the fourth quarter of 2016, Enterprise Group, Inc. decided to cease all operations of its Enterprise Trenchless Crossings business (ETC). ETC's operations included all assets relating to trenchless single pass tunneling. As a result of this decision, assets related to this line of business of $4,229,570 are shown as assets held for sale on the Consolidated Statement of Financial Position and the operations are included in discontinued operations and presented as a single amount in the consolidated financial statements. Enterprise anticipates disposing of these assets in 2017. Assets held for sale are measured at the lower of their carrying amount and the fair value less cost to sell.

Income from discontinued operations, including the prior period figures, are presented as a single amount in the consolidated statements of loss and comprehensive loss and excludes all intercompany transactions. This amount comprises the post-tax income of the discontinued operations and the post-tax gain resulting from the measurement and disposal of the assets. All intercompany transactions have been excluded The disclosure of discontinued operations in the prior period relates to operations that have been discontinued at the reporting date.

For the three months ended March 31	**T.C. Backhoe & Directional Drilling**	**Enterprise Trenchless Crossings**	**Total 2017**	T.C. Backhoe & Directional Drilling	Enterprise Trenchless Crossings	Total 2016
Revenue	$ -	$ -	$ -	$ 2,584,035	$ -	$ 2,584,035
Direct expenses	-	-	-	(2,277,158)	(28,145)	(2,305,303)
Gross margin (loss)	-	-	-	306,877	(28,145)	278,732
General and administrative expenses	-	-	-	(287,450)	(56,840)	(344,290)
Depreciation of property, plant and equipment	-	-	-	(336,173)	(86,870)	(423,043)
Finance expense	-	-	-	(98,286)	-	(98,286)
Amortization of intangible assets	-	-	-	(36,375)	-	(36,375)
Other income	-	-	-	7,522	-	7,522
Loss before income tax	-	-	-	(443,885)	(171,855)	(615,740)
Income tax recovery	-	-	-	191,848	46,400	238,248
Loss from discontinued operations	$ -	$ -	$ -	$ (252,037)	$ (125,455)	$ (377,492)

Cash flows from discontinued operations are as follows:

For the three months ended March 31	**T.C. Backhoe & Directional Drilling**	**Enterprise Trenchless Crossings**	**Total 2017**	T.C. Backhoe & Directional Drilling	Enterprise Trenchless Crossings	Total 2016
Operating	$ -	$ -	$ -	$ 704,764	$ (84,985)	$ 619,779
Financing	$ -	$ -	$ -	$ (98,286)	$ -	$ (98,286)
Investing	$ -	$ -	$ -	$ -	$ -	$ -

4. Financial instruments and risk management

(a) Fair value of financial instruments

The estimated fair value of the Company's financial instruments approximates the amount for which the financial instrument could currently be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. The carrying value of trade and other receivables, deposits and trade and other payables, approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at March 31, 2017.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

		March 31, 2017		December 31, 2016
Financial assets				
Cash and cash equivalents	**$**	**989,750**	$	691,718
Trade and other receivables	**$**	**9,706,136**	$	9,016,545
Deposits	**$**	**105,484**	$	320,407
Financial liabilities				
Trade and other payables	**$**	**2,404,540**	$	2,891,142
Loans and borrowings	**$**	**24,254,329**	$	24,162,312

Financial risk management

The Company's activities expose it to a variety of financial risks 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.

(b) 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 through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the utilities/infrastructure construction industry, as well as customers in the oil and gas industry. 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 trade receivables 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. Losses from trade accounts receivable have not historically been significant. The Company has recorded a provision of doubtful accounts at March 31, 2017, of $145,000 (December 31, 2016 - $145,300).

At March 31, 2017, $2,468,000 or 25% of trade receivables was from two customers compared to $1,095,000 or 12% from two customers as at December 31, 2016.

		March 31, 2017		December 31, 2016
Current (less than 90 days)	**$**	**8,917,035**	$	7,923,838
Past due (more than 90 days)		**789,101**		1,092,707
Total	**$**	**9,706,136**	$	9,016,545

Included in trade receivables past due (more than 90 days) is $145,293 (December 31, 2016 - $51,264) of holdback receivables.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures. For the three months ended March 31, 2017, the Company generated 38% of revenue from two customers (2016 - 39% from two customers). No other customers comprise more than 10% of revenues.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at March 31, 2017, and December 31, 2016:

March 31, 2017	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 2,404,540	$ 2,404,540	$ 2,404,540	$ -	$ -
Loans and borrowings	24,254,329	27,693,394	1,456,267	25,404,978	832,149
Operating lease commitments	-	2,224,007	1,094,952	1,129,054	-
	$ 26,658,869	**$ 32,321,941**	**$ 4,955,759**	**$ 26,534,032**	**$ 832,149**

December 31, 2016	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 2,891,142	$ 2,891,142	$ 2,891,142	$ -	$ -
Loans and borrowings	24,162,312	31,521,119	2,630,528	28,025,156	865,435
Operating lease commitments	-	2,208,544	1,003,942	1,204,602	-
	$ 27,053,454	$ 36,620,805	$ 6,525,612	$ 29,229,758	$ 865,435

(d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at March 31, 2017, to impact the Company's annual interest expense by approximately $231,000 (December 31, 2016 - $228,000). 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 the 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 funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at December 31, 2016 the Company has met these objectives.

	March 31, 2017	December 31, 2016
Bank loan	**$ 21,677,097**	$ 21,214,450
Current portion of long-term debt	**1,034,642**	1,268,796
Long-term debt	**1,542,590**	1,679,066
Net funded debt	**24,254,329**	24,162,312
Shareholders' equity	**52,919,742**	52,970,369
Total capital	**$ 77,174,071**	$ 77,132,681

Included in net debt is the bank loan facility which requires the Company to maintain certain financial covenants.

"Fixed Charge Coverage Ratio" - EBITDA less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"EBITDA" - earnings before finance expense, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses and share-based payments.

The Company's covenants are as follows:

	March 31, 2017	**Minimum required**	December 31, 2016	Minimum required
Fixed charge coverage ratio	**1.67**	1.25	N/A	N/A
EBITDA	**$4,319,693**	$4,247,609	$2,554,593	2,365,000
Net capital expenditure	**$(69,210)**	Not to exceed $1,125,000	$1,098,896	Not to exceed $1,125,000

The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis.

As at March 31, 2017, the Company is in compliance with all covenants.

Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Property, plant and equipment

Cost or deemed cost	**Balance at December 31, 2016**	**Additions**	**Disposals**	**Balance at March 31, 2017**
Buildings	$ 459,663	$ -	$ -	**$ 459,663**
Leasehold improvements	752,107	12,223	-	**764,330**
Computers and communication equipment	427,052	-	-	**427,052**
Small equipment	2,338,776	3,799	-	**2,342,575**
Light automotive equipment	3,424,219	-	(283,375)	**3,140,844**
Heavy automotive, construction and portable rental equipment	73,448,856	36,474	(13,495)	**73,471,835**
Property, plant and equipment under construction	1,229,579	-	(7,000)	**1,222,579**
Less construction assets held for sale	(5,025,444)	-	-	**(5,025,444)**
	$ 77,054,808	**$ 52,496**	**$ (303,870)**	**$ 76,803,434**

	Accumulated depreciation				**Carrying amounts**	
	Balance at December 31, 2016	**Depreciation for the period**	**Disposals**	**Balance at March 31, 2017**	**Balance at December 31, 2016**	**Balance at March 31, 2017**
Buildings	$ 19,443	$ 2,383	$ -	**$ 21,826**	$ 440,220	**$ 437,837**
Leasehold improvements	448,586	33,402	-	**481,988**	303,521	**282,342**
Computers and communication equipment	273,902	20,033	-	**293,935**	153,150	**133,117**
Small equipment	1,488,027	45,662	-	**1,533,689**	850,749	**808,886**
Light automotive equipment	1,649,818	131,291	(150,822)	**1,630,287**	1,774,401	**1,510,557**
Heavy automotive, construction and portable rental equipment	18,522,459	1,161,365	(3,061)	**19,680,763**	54,926,397	**53,791,072**
Property, plant and equipment under construction	-	-	-	**-**	1,229,579	**1,222,579**
Less construction assets held for sale	(795,874)	-	-	**(795,874)**	(4,229,570)	**(4,229,570)**
	$ 21,606,361	**$ 1,394,136**	**$ (153,883)**	**$ 22,846,614**	**$ 55,448,447**	**$ 53,956,820**

Included in the carrying amount of $53,956,820 is $1,124,735 (2016 - $1,131,735) of heavy automotive, construction and portable rental equipment under construction and $97,844 (2016 - $97,844) of computers and equipment, which is not being depreciated as they are not yet available for use.

6. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

	March 31, 2017	December 31, 2016
Current portion of loans and borrowings		
Term loan facility	**$ -**	$ 23,340
Current portion of finance lease liabilities	**948,887**	1,160,571
Current portion of mortgage facilities	**85,755**	84,885
Total current portion of loans and borrowings	**1,034,642**	1,268,796
Non-current portion of loans and borrowings		
Bank loan facility	**21,677,097**	21,214,450
Finance lease liabilities	**429,033**	543,741
Mortgage facilities	**1,113,557**	1,135,325
Total non-current portion loans and borrowings	**23,219,687**	22,893,516
Total loans and borrowings	**$ 24,254,329**	$ 24,162,312

7. Loss per share

The loss available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted loss per share are:

Three months ended march 31	**2017**	2016 (restated-note 3)
Weighted average common shares outstanding – basic	**55,652,374**	55,652,374
Effect of stock options	**-**	-
Weighted average common shares – diluted	**55,652,374**	55,652,374
Net loss and comprehensive loss	**$(50,627)**	$(1,426,622)
Basic and diluted loss per share from continuing operations	**$0.00**	$(0.02)
Basic and diluted loss per share from discontinued operations	**$0.00**	$(0.01)
Basic and diluted loss per share	**$0.00**	$(0.03)

In calculating diluted earnings per common share for the three months ended March 31, 2017, the Company excluded 4,835,000 stock options and 7,021,768 warrants (2016 - nil stock options and 6,183,500 warrants respectively), as their impact was anti-dilutive.

8. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company and corporations that have common ownership. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to companies controlled by Leonard Jaroszuk, President and Chief Executive Officer and Desmond O'Kell, Senior Vice President, as compensation for serving the Company in their roles. Equipment rental fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Desmond O'Kell, Senior Vice President and Director, to rent equipment required for operating activities.

Three months ended March 31		2017		2016
Management and consulting fees	$	**138,423**	$	138,278
Equipment rental		**37,500**		37,500
	$	**175,923**	$	175,778

9. Supplemental cash flow information

Three months March 31		2017		2016
(a) Changes in non-cash working capital:				
Trade and other receivables	$	**(689,591)**	$	1,431,747
Unbilled revenue		**(52,363)**		92,889
Inventories		**26,109**		401,795
Deposits and prepaid expenses		**(88,109)**		(534,999)
Trade and other payables		**(486,602)**		485,803
Income taxes payable		**-**		(1,344,145)
	$	**(1,290,556)**	$	533,090

(c) Cash taxes paid

Cash taxes paid for the period ended March 31, 2017 was $nil (2016 - $nil).