Management's Discussion and Analysis
For the Three and Six Months Ended
June 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Months Ended June 30, 2010

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated interim financial statements and the notes contained therein, of Enterprise Oilfield Group, Inc. (the "Company" or "Enterprise") for the three and six months ended June 30, 2010. In addition, this MD&A should be read in conjunction with the MD&A and audited consolidated financial statements for the year ended December 31, 2009. The unaudited consolidated interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are expressed in Canadian dollars. This MD&A was prepared effective August 10, 2010.

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, Peace River and Innisfail, Alberta, and field offices in Wabasca, Red Earth 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 securing 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)	Three months ended Jun. 30, 2010	Three months ended Jun. 30, 2009	Six months ended Jun. 30, 2010	Six months ended Jun. 30, 2009
Revenue	$2,922	$4,952	$8,192	$13,923
EBITDAS	(614)	(696)	(877)	(208)
Net loss	(862)	(1,174)	(1,409)	(1,229)
Basic and diluted loss per share	$(0.018)	$(0.028)	$(0.029)	$(0.029)
Weighted average common shares outstanding	48,682	42,185	48,672	42,204
Total common shares outstanding	48,682	42,182	48,682	42,182
Total assets	$18,754	$25,277	$18,754	$25,277
Total liabilities	$7,477	$10,421	$7,477	$10,421
Shareholders' equity	$11,277	$14,856	$11,277	$14,856

Reconciliation of EBITDAS to Historical Results (GAAP)

Statement of Loss ($000's)	Three months ended Jun. 30, 2010	Three months ended Jun. 30, 2009	Six months ended Jun. 30, 2010	Six months ended Jun. 30, 2009
Net loss	$(862)	$(1,174)	$(1,409)	$(1,229)
Add:				
Income taxes (recovery)	(327)	(479)	(535)	(501)
Interest *	95	100	173	215
Amortization **	397	628	811	1,078
Stock based compensation	82	229	82	229
EBITDAS	$(615)	$(696)	$(878)	$(208)

* *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 $2.9 million for the three months ended June 30, 2010, compared to $5.0 million for the three months ended June 30, 2009, a decrease of $2.1 million. The consolidated revenue for the six month period ended June 30, 2010, was $8.2 million compared to $13.9 million for the same period last year, a decrease of $5.7 million. The decrease in revenue is attributed to fewer projects in the energy industry resulting from tight capital markets, decreased capital expenditures and lower natural gas prices. Additionally, the late spring thaw, followed by prolonged wet weather conditions contributed to lower than expected revenue in the utility and infrastructure sector. The Company had negative EBITDAS of $0.6 million and a net loss of $0.9 million for the three months ended June 30, 2010, compared to negative EBITDAS of $0.7 million and a net loss of $1.2 million for the three months ended June 30, 2009. Negative EBITDAS for the six months ended June 30, 2010, was $0.9 million and a net loss of $1.4 million compared to negative EBITDAS of $0.2 million and a net loss of $1.2 million for the six months ended June 30, 2009. The negative EBITDAS is

attributable to lower revenue and margins on energy sector projects and lower revenue in the utility and infrastructure sector due to wet soil conditions. The low margins in the energy sector were offset by higher margins in the utilities and infrastructure sector.

Enterprise 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 three months ending June 30, 2010, the Company reduced its non operational costs by $0.6 million compared to three months ended June 30, 2009. For the six months ended June 30, 2010, non operational costs were reduced by $1.7 million compared to the six months ended June 30, 2009.

Gross margin

The gross margin for the three months ended June 30, 2010, was 1.6% compared to 4.6% for the three months ended June 30, 2009. For the six months ended June 30, 2010, the gross margin was 4.6% compared to 13.6% for the six months ended June 30, 2009. The decrease in gross margin was the direct result of customers and competition in the energy sector driving prices down in order to secure the limited contracts available. The drop in overall gross margin has been offset by the gross margin in the utility and infrastructure sector. Gross margin in the utility and infrastructure sector was 31.8% and 40.8% for the three and six months respectively, ended June 30, 2010. The lower gross margin in the second quarter is mainly due to a late spring thaw and combined with wet weather conditions. This resulted in a late starts and delays to ongoing projects which negatively impacted the quarterly revenue. However, the Company expects this sector to continue operating at or near full capacity, with higher margins through the remainder 2010 and 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 Jun. 30, 2010**	**Three months ended Jun. 30, 2009**	**Six months ended Jun. 30, 2010**	**Six months ended Jun. 30, 2009**
Amortization	$411	$479	$830	$951
Management and administrative salaries and fees	290	323	576	878
Professional and consulting fees	86	227	162	404
Interest on long-term debt	19	39	50	90
Insurance	107	136	210	268

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 $290 thousand or 9.9% of revenue for the three months ended June 30, 2010, compared to $479 thousand or 9.6% of revenue for the three months ended June 30, 2009. For the six months ended June 30, 2010, management and administrative salaries were $576 thousand or 7.0% of revenue compared to $878 thousand or 6.3% of revenue. The decrease was due to staff reductions due to layoffs and retirements.

Interest on long term debt amounted to $19 thousand or 0.6% of revenue for the three months ended June 30, 2010, compared to $39 thousand or 0.6% for the same period in the previous year. For the six months ended June 30, 2010, interest on long term debt was $50 thousand or 0.6% of revenue compared to $90 thousand or 0.6% of revenue for the six months ended June 30, 2009. This decrease was due to the Company's aggressive repayment plan throughout 2009, resulting in less long term debt outstanding on which interest is charged.

Professional and consulting fees amounted to $86 thousand or 2.9% of revenue for the three months ended June 30, 2010, compared to $227 thousand or 4.6% of revenue for the three months ended June 30, 2009. For the six months ended June 30, 2010, professional and consulting fees totaled $162 thousand or 1.9% of revenue compared to $404 thousand or 2.9% of revenue for the same period in the prior year. This decrease is due to utilizing in house expertise to perform the duties.

Cash Flow Information

A summary of cash flow information for the three and six month periods ended June 30, 2010, and June 30, 2009, is set out below:

Cash Flow Information ($000's)	**Three months ended Jun. 30, 2010**	**Three months ended Jun. 30, 2009**	**Six months ended Jun. 30, 2010**	**Six months ended Jun. 30, 2009**
Cash provided by (used in) operating activities:				
Net (loss) and non-cash items	$(710)	$(796)	$(1,050)	$(424)
Changes in non-cash working capital	913	4,674	53	4,261
Cash provided by (used) in operating activities	203	3,877	(997)	3,837
Financing activities	(183)	(3,982)	(124)	(3,749)
Investing activities	15	123	(11)	(88)
Increase (decrease) in cash	35	18	(1,133)	(101)
Cash and cash equivalents – beginning of period	500	501	1,668	607
Cash and cash equivalents – end of period	$535	$519	$535	$519

Financial Statistics and Ratios	**Three months ended Jun. 30, 2010**	**Three months ended Jun. 30, 2009**	**Six months ended Jun. 30, 2010**	**Six months ended Jun. 30, 2009**
Gross margin as a percentage of revenue	1.6%	4.6%	6.0%	13.6%
Net loss as a percentage of revenue	(29.5%)	(23.7%)	(17.2%)	(8.8%)
EBITDAS (negative) as a percentage of revenue	(21.0%)	(14.1%)	(10.7%)	(1.5%)

OTHER SIGNIFICANT EVENTS DURING THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

There were no other significant events during the three and six months ended June 30, 2010.

SUMMARY OF QUARTERLY RESULTS

($000's except per share amounts)	**2010**		**2009**					**2008**	
	Jun. 30	**Mar. 31**	**Total**	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**	**Sep. 30**
Revenue	$2,922	$5,270	$27,699	$7,191	$6,585	$4,952	$8,971	$11,666	$8,683
Net Income (loss)	(862)	(548)	(4,528)	(2,218)	(1,081)	(1,174)	(55)	(13,597)	588
Earnings (loss) per share – Basic and Diluted	(0.02)	(0.01)	(0.11)	(0.05)	(0.03)	(0.03)	0.00	(0.32)	0.01

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

OUTSTANDING SHARE DATA

	Aug. 10, 2010	Jun. 30, 2010	Jun. 30, 2009
Common shares outstanding	48,681,700	48,681,700	42,181,700
Stock options outstanding	4,110,000	4,110,000	4,270,000
Warrants outstanding	1,850,000	1,850,000	1,200,000
Total	54,641,700	54,641,700	47,651,700

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 June 30, 2010.

RELATED PARTY TRANSACTIONS

The Company paid $24,000 during the six months ended June 30, 2010, (six month period ended June 30, 2009 - $24,000) to a company controlled by a director, for premises rented for the Company's office in Slave Lake.

The Company received $80,000 in short term advances from a director and officer of the Company during the three months ended June 30, 2010. The advance bears interest at 10% per annum and is payable on demand. The balance of $80,000 plus accrued interest was outstanding at June 30, 2010.

The Company received $300,000 in short term advances from a company controlled by a director and officer of the Company during the three months ended June 30, 2010. The short term advance has a $10,000 user fee, is payable on demand, for a total of $310,000 outstanding at June 30, 2010.

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.

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.

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.

	Jun. 30, 2010	Dec. 31, 2009
Total debt	$5,574,234	$5,685,771
Less: cash and cash equivalents	(534,583)	(1,667,547)
Net debt	$5,039,651	$4,018,224
Total equity	$11,276,640	$12,616,292
Add: subordinated debt instruments	nil	nil
Add: amounts in accumulated other comprehensive (loss) relating to portfolio investment	nil	nil
Adjusted capital	$11,276,640	$12,616,292
Net debt-to-adjusted capital ratio	0.45	0.32

The net debt-to-adjusted capital ratio increased to 0.45 from 0.32. The ratio was impacted by a decrease in cash and cash equivalents, a decrease in equity due to losses incurred during the year and an increase in the Company's net debt. The change in net debt is the result of bank indebtedness increasing by $346,513 which offset by the long term debt reduction payments for the same period. As a result, total debt increased by $111,537, from the debt at December 31, 2009.

RISKS AND UNCERTAINTIES

This document contains forward-looking information based upon current expectations that involve a number of business risks and uncertainties. These business risks and uncertainties may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking information.

Financial Instruments and Business Risks

The Company holds various forms of financial instruments. Financial instruments consist of the Company's cash and cash equivalents, portfolio investment, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, and long term debt. The nature of these instruments and the manner in which the Company operates exposes the Company to interest rate, credit and fair value risk.

The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company's primary activities revolve around providing construction services to energy, utility and infrastructure markets in Western Canada. The demand, price and terms of these services are dependent on the level of activity in the industry, which in turn depends on several other factors.

Fair value

The carrying amounts of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate fair value due to the short term maturity of these instruments. The fair value of long term debt approximates its carrying value as the interest rates on these instruments do not differ significantly from current market rates. The Company's portfolio investment is subject to market price and liquidity risk.

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 June 30, 2010, was $1,851,610 or 53%, of total accounts receivable owing from four customers due to the significant contracts in progress at that time. As at June 30, 2010, the Company's exposure to credit risk was as follows:

	Total	Current 1 – 90 days	91 + days
Accounts Receivable	$3,486,883	$3,247,853	$239,030

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

Liquidity Risk and Capital Resources

Liquidity risk is defined as the risk associated with the Company not being able to meet its financial obligations as they come due. The Company manages liquidity risk to ensure it has sufficient cash and credit facilities to meet its obligations under both normal and adverse conditions, by managing net working capital, monitoring cash flow requirements and maintaining flexibility with its lines of credit.

Accounts payable and accrued liabilities as at June 30, 2010, totaled $1,903,117 which is payable within 30 - 45 days.

At June 30, 2010, the Company had an authorized revolving line of credit of $9,000,000, of which $3,440,000 was available based on margins as at June 30, 2010. $3,710,043 of bank indebtedness was outstanding as at June 30, 2010, comprised of $3,390,000 of revolving line of credit and $320,043 of bank overdraft balances. The revolving line of credit incurred interest at the Company’s bank prime plus 3.0% (equating to 5.5% at June 30, 2010). The loan was not to exceed 75% of eligible unencumbered accounts receivable as defined by the Company’s bank measured on an ongoing basis.

The Company’s annual review for its credit facilities was due on or before April 30, 2010, however, the lender, at its discretion extended the deadline date. In July, the Company’s lender renewed the credit facilities until September 30, 2010.

The authorized revolving line of credit was renewed to a maximum of $5,000,000. The non revolving credit facilities were renewed at their current balances at the time of the renewal. These facilities bear interest at prime plus 5%.

The credit facility requires the Company to comply with certain financial covenants. The Company is required to maintain the following financial statement ratios as defined in the credit facility:

- working capital of not less than 1.35 :1
- funded debt to EBITDA of not more than 3.50:1
- total debt to capitalization of not more than 0.60:1
- fixed charge coverage of not less than 1.10:1
- fixed charge coverage of not less than 1.75:1 on a quarterly basis

The financial covenants are calculated as follows: working capital ratio is current assets divided by current liabilities excluding current portion of long term debt; funded debt to EBITDA ratio is the sum of bank indebtedness and total long term debt divided by the trailing twelve months EBITDA and the fixed charge coverage ratio is the trailing twelve months EBITDA divided by the trailing twelve months of required principal loan payments. The lender has waived the financial covenants for the quarter ended June 30, 2010.

The Company is in compliance with all repayment terms and the lender has not demanded repayment. However, as the lender has the ability to demand repayment, generally accepted accounting principles require that the entire amount of the debt be shown as a current liability until such time as a new agreement is in place.

Management has assessed the risk and believes that it has sufficient capital through internally generated cash flows or alternate sources of financing to mitigate this risk.

Interest rate risk

The Company minimizes its exposure to interest rate risks by securing financing with a fixed interest rate for certain capital asset acquisitions and limiting its financing terms to less than sixty months.

Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at June 30, 2010, to impact the Company's annual interest expense by approximately $52,900. The Company has not entered into any derivative agreements to mitigate this risk.

The Company's estimated principal repayments on long term debt over the next twelve months based on the current repayment schedule are $1,075,371. However, in the unlikely event the Company is unable to renew its credit facilities before September 30, 2010, the repayment of principal over the next twelve months would increase to $1,794,234. The Company anticipates that its current cash resources will be sufficient to meet all anticipated obligations throughout the next fiscal year.

Principal repayment requirements on the long term debt for the next five years and thereafter based on the Company's current repayment schedule as at June 30, 2010, are estimated as follows:

Contractual Obligations	**Total**	**2010**	**2011**	**2012**	**2013**	**2014**	**After 5 years**
Long-term debt including capital leases	$1,864,192	$1,075,371	$442,790	$63,228	$45,037	$45,471	$192,295
Operating leases	741,794	524,989	213,833	2,972	nil	nil	nil
Total	$2,605,986	$1,600,360	$656,623	$66,200	$45,037	$45,471	$192,295

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 – Should the current challenging economic environment slide into a deep 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 implementing cost control measures and possibly expanding its services into other industries in order to manage through the recession. Management has already implemented some cost cutting measures and is currently reviewing other areas for possible cost savings. In addition, due to the Company's aggressive repayment plan on long term debt, Enterprise is not heavily leveraged, limiting the Company's exposure.

- 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.

FUTURE ACCOUNTING PRONOUNCEMENTS

Consolidated financial statements

CICA Handbook Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interest will replace the former Section 1600, Consolidated Financial Statements. These new Sections are effective for interim and annual consolidated financial statements for fiscal years beginning or ending on or after January 1, 2011 but with earlier adoption permitted and provide the Canadian equivalent to International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. The new standards are not expected to have a material effect on the Company's financial statements, which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objective, policies and processes for managing capital.

Business Combinations
CICA Handbook Section 1852, Business Combinations will replace the former Section 1581, Business Combinations. The new Section is effective for acquisitions in fiscal years for fiscal years beginning or ending on or after January 1, 2011 but with earlier adoption permitted and provides the Canadian equivalent to IFRS 3, Business Combinations. The new standard is not expected to have a material effect on the Company's financial statements.

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, the Company developed an implementation plan to convert its consolidated financial statements to IFRS. To support the implementation plan the Company has established a project management team consisting of both internal and external consultants, and has commenced the mobilization of organizational support for the implementation plan.

The plan addresses 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 conversion to IFRS from Canadian GAAP is a significant undertaking. The implementation project consists of three primary phases:

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

- The impact analysis, evaluation and solution development phase involves the selection of IFRS accounting policies by senior management and the review by the audit committee; 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 will also include the development of IFRS training programs and the identification of the changes to internal controls over financial reporting and business process and procedures.

- The implementation and review phase involves the delivery of training programs to key personnel and the board members and the implementation of the required changes to information systems and business policies and procedures identified in the previous phase of the project.

While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- First-time adoption of International Financial Reporting Standards (IFRS 1)
- Stock-based compensation (IFRS 2)
- Income taxes (IAS 12)
- Property plant and equipment (IAS 16)
- Revenue (construction contracts) (IAS 18)
- Related party disclosures (IAS 24)
- Financial instruments (IAS 32)
- Impairment of assets (IAS 36)

As the analysis of each of the key areas progresses, other elements of our IFRS implementation plan will also be addressed. The table below summarizes the expected timing of activities related to our transition to IFRS:

Activity	Timing
Initial diagnostic and analysis of key areas for which changes to accounting policies may be required	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	In Progress now and throughout 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	By September 30, 2010
Resolution of the accounting policy change implications on the accounting processes	By September 30, 2010
Quantification of the financial statement impact of changes in accounting policies	Throughout 2010

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 June 30, 2010, and has concluded that such internals control over financial reporting is effective. There are no material weaknesses that have been identified by management in this regard.

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) and

concluded that the Corporation's disclosure controls and procedures were effective as of June 30, 2010 and in respect of the June 30, 2010 interim reporting period.

For the three months ended June 30, 2010, the Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Corporation's internal disclosure controls and procedures and have concluded that the Corporation's disclosure controls and procedures were effective.

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

Mike Runcer, Project Manager – Central Alberta

Tom Lavender, General Manager – Underground Utilities and Infrastructure Operations

James Chorney, Independent Advisor – Engineering & Pipeline Construction

OFFICE TEAM

Colette Dziwenka, Interim Chief Financial Officer/Corporate Controller

Francine Coleman, Divisional Controller, Pipeline Maintenance and Construction Operations

Darlene Hubscher, Divisional Controller, Underground Utilities and Infrastructure Operations

Bonnie Elvertorp, Human Resources / Safety Coordinator

CONTACT INFORMATION

#2, 64 Riel Drive
St. Albert, Alberta,
Canada T8N 5B3

Phone: (780) 418-4400
Fax: (780) 418-1941
Toll Free: (888) 303-3361

Email: contact@enterpriseoil.ca
Website: www.enterpriseoil.ca