

# MERGENT INDUSTRIAL

NEW LISTING

July 7, 2009

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL and INTERNATIONAL MANUALS and will be included in the bound 2009 August Monthly News Reports and is published on our Website.

## ENTERPRISE OILFIELD GROUP INC

Company Website: [www.enterpriseoil.ca](http://www.enterpriseoil.ca)

**History:** Incorporated in Canada under the Alberta Business Corporations Act on Mar. 23, 2004 as Enterprise Oil Limited. Present name adopted on May 23, 2007.

On Aug. 24, 2005, Co. acquired the business operated by A & G Grant Construction (1983) Inc. As consideration for the acquisition of the assets of the vendor, Co. paid C\$2,550,000 cash, issued 200,000 common shares of Co. at a deemed issue price of C\$0.25 per share and agreed to pay C\$200,000 cash on each of the first and second anniversaries of the closing date for aggregate consideration of C\$3,000,000.

On Apr. 1, 2006, Co. acquired Trevor King Oilfield Services Ltd. As consideration for this acquisition, Co. paid C\$5,000,000 and issued 1,500,000 common shares at a deemed issue price of C\$2.06 per share for an aggregate share value of C\$2,060,000.

Effective Apr. 1, 2007, Co. acquired 100% of the shares of T.C. Backhoe & Directional Drilling Inc. ("T.C."). The purchase price for all of the shares of T.C. was C\$12,000,000 plus C\$1,924,000 for additional equipment and inventory, totaling C\$13,924,000. The purchase price was funded by cash, 1,500,000 Common shares of Co. at C\$0.80 per share and a non-interest bearing vendor take back note of C\$1,000,000 repayable over two years. T.C. Backhoe Services Ltd ("TCB") and T.D.R. Services Ltd ("TDR") had operated together in tandem for their common customers and prior to the acquisition of T.C.'s shares, Co. and the vendors agreed to roll up the assets of TCB and TDR into a new concern, T.C. Backhoe & Directional Drilling Inc., which was incorporated on Mar. 27, 2007.

On Oct. 1, 2007, Co. completed a reorganization of its subsidiary companies, A.G. Grant Construction Ltd., Trevor King Oilfield Services Ltd., T.C. Backhoe & Directional Drilling Inc. and ESI Management Inc. Co. amalgamated all its operating companies under the name Enterprise Energy Services Inc. Its asset holdings were consolidated under Enterprise Pipeline Company Inc.

**Business Summary:** Enterprise Oilfield Group, Inc. provides pipeline construction and directional drilling services to the energy and utilities industries in western Canada. Its pipeline construction services include pipeline construction, pipeline repair and maintenance, facilities construction and maintenance, directional drilling and large diameter tunnelling, well head tie-ins, CO2 and water injection projects, underground utilities installation, and road and lease construction services. Co. also provides site construction services and trucking services, including heavy haul trucking services for materials, equipment, and finished product deliveries.

**Property:** Co. maintains its head office in St. Albert, Alberta, Canada.

Co. also maintains facilities in Slave Lake, Sherwood and Peace River in Alberta.

In Slave Lake, facilities consist of an office, shop and storage yard on a site approx. five acres in size. Co. owns a portion of this site and leases the remainder.

In Sherwood Park, Co. leases facilities that consist of an office, shop and storage yard on a site approx. 2.5 acres in size.

In Peace River, Co. maintains an office, shop and storage yard on two sites of approx. 4 acres combined.

Co. also maintains a construction office and a 4 acre yard in Innisfail, Alberta.

In addition, Co. owned a fleet of equipment.

**Subsidiaries**  
Enterprise Energy Services Inc.  
Enterprise Pipeline Company Inc.

**Officers**  
Leonard D. Jaroszuk, Chairman; President; Chief Executive Officer  
Desmond O'Kell, Vice President - Corporate Development; Corporate Secretary  
Colette Dziwenka, Interim Chief Financial Officer; Corporate Controller

**Directors**  
Leonard D. Jaroszuk, Chairman  
James P. Stout  
Ronald Ingram  
Nick DeMare  
Jason Krueger

**Auditors:** PricewaterhouseCoopers LLP

**Counsel:** Borden Ladner Gervais

**Shareholder Relations:** Desmond O'Kell, Vice President & Corporate Secretary **Tel.:** 780-418-5377

**Annual Meeting:** In June

**No. of Stockholders:** May 4, 2009, 1,650

**No. of Employees:** Jun. 22, 2009, 200

**Address:** Unit #2 - 64 Riel Drive, St. Albert, Alberta, T8N 5B3, Canada **Tel.:** 780 418-4400 **Fax:** 780 418-1941 **E-mail:** [contact@enterpriseoil.ca](mailto:contact@enterpriseoil.ca) **Web:** [www.enterpriseoil.ca](http://www.enterpriseoil.ca)

**Consolidated Income Account, years ended (Can\$):**

	12/31/2008	12/31/2007	9/30/2006
		(revised)	(revised)
Rev	39,761,681	47,296,907	32,282,333
Direct exps	29,691,300	36,031,478	26,088,960
Gross margin	10,070,381	11,265,429	6,193,373
Gen & admin exps	5,304,425	6,319,165	3,091,344
Int on long term debt	395,669	549,057	
Amort exps	2,571,697	2,660,507	
Goodwill			
write-down	15,107,935		
Gain (loss) on sale of equip	(308,873)	(582,624)	
Int & other inc	30,741	238,513	
Tot exps	23,657,858	9,872,840	
Income (loss) from ops			3,102,029
Other income (expenses)			305,952
Income (loss) before tax	(13,587,477)	1,392,589	3,407,981
Curr inc tax expense (recovery)	(141,991)	(12,645)	776,000
Future inc tax expense (recovery)	(1,176,245)	476,645	(19,000)
Inc tax expense (recovery)	(1,318,236)	464,000	757,000
<b>Net income (loss)</b>	<b>(12,269,241)</b>	<b>928,589</b>	<b>2,650,981</b>
Common shares:			
Weight avg shares outstg - basic	41,637,252	34,850,995	19,133,611
Weight avg shares outstg - diluted	41,739,360	35,151,995	22,545,435
Yr end shares outstg	42,301,700	41,449,200	25,405,700

Earnings (loss) per sh - basic . . . . . Can\$(0.29) Can\$0.03 Can\$0.14

Earnings (loss) per sh - diluted . . . . . Can\$(0.29) Can\$0.03 Can\$0.12

① For 15 months due to fiscal year end change  
② Reclassified to conform with 2008 presentation  
③ Reclassified to conform with 2007 presentation

**Consolidated Balance Sheet, as of Dec. 31 (Can\$):**

	2008	2007
		(revised)
<b>Assets:</b>		
Cash & cash equivs	607,286	509,909
Accts receiv	10,916,390	7,320,831
Inc tax refundable	140,542	171,212
Suppl & parts	476,993	562,108
Work in prog	29,837	444,219
Invent	506,830	1,006,327
Ppd exps	624,441	520,215
Tot curr assets	12,795,489	9,528,494
Land, cost	250,000	250,000
Land, net book val	250,000	250,000
Buildings, cost	590,766	542,366
Less: accum amort - buildings	45,824	22,634
Buildings, net book val	544,942	519,732
Lsehd improvements, cost	113,425	91,176
Less: accum amort - lsehd inc	50,559	27,062
Lsehd improvements, net book val	62,866	64,114
Computers & communication, cost	116,553	102,559
Less: accum amort - computers &	61,694	34,071
Computers & communication, net book val	54,859	68,488
Office furn & equipment, cost	353,218	234,610
Less: accum amort - office furni	130,347	71,726
Office furn & equipment, net book val	222,871	162,884
Small tools & equipment, cost	673,424	542,173
Less: accum amort - small tools	254,065	129,434
Small tools & equipment, net book val	419,359	412,739
Light automotive equipment, cost	2,009,904	2,122,120
Less: accum amort - light automo	935,020	640,381
Light automotive equipment, net book val	1,074,884	1,481,739
Heavy automotive equipment, cost	4,830,550	4,986,864
Less: accum amort - heavy automo	1,104,381	691,780

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Heavy automotive equipment, net book val . . . . .	3,726,169	4,295,084	Long term debt . . . . .	2,206,621	4,993,846	(4) C\$453,459 secured mortgages, bearing interest at prime plus 1%, due Mar. 2012.
Constr equipment, cost . . . . .	10,591,340	10,474,763	Future inc tax . . . . .		263,130	
Less: accum amort - constr . . . . .	2,142,000	1,171,637	Tot liabil . . . . .	13,893,310	14,638,171	<b>Line of Credit:</b> As of Dec. 31, 2008, Co. had an authorized revolving line of credit of C\$9,000,000, of which C\$7,350,000 was available based on margins, and C\$5,190,000 was outstanding.
Constr equipment, net book val . . . . .	8,449,340	9,303,126	Sh cap . . . . .	24,032,796	24,142,242	
Prop plt & equipment, cost . . . . .	19,529,180	19,346,631	Wrts . . . . .	47,796	197,609	
Less: tot accum amort - proper . . . . .	4,723,890	2,788,725	Contributed surplus	1,085,717	638,298	
Prop plt & equipment, net . . . . .	14,805,290	16,557,906	Retain earnings (deficit) . . . . .	(9,243,865)	3,025,376	<b>Capital: 1. Enterprise Oilfield Group Inc class A voting shares; no par.</b>
Goodwill . . . . .		15,107,935	Accum other comprehensive income (loss) . . . . .	(54,000)	2,515	OUTSTG —Dec. 31, 2008 42,301,700 shs; no par.
Other intang assets . .	1,200,375	1,345,876	Tot shlders eq . . . . .	15,868,444	28,006,040	WARRANTS —1,200,000 shs.
Portfolio invest . . . . .	28,000	104,000	☐Reclassified to conform with 2008 presentation			OPTIONS —Dec. 31, 2008, options outstanding, 3,970,000 shares.
Future inc tax . . . . .	932,600					TRANSFER AGENT —Valiant Trust, Edmonton, Alberta, Canada
Tot assets . . . . .	29,761,754	42,644,211	<b>Debt:</b> Dec. 31, 2008, C\$5,456,596 (including current portion of C\$3,249,975) comprised of:			LISTED —Toronto (TSX): E
Liabilities:			(1) C\$3,261,095 secured non-revolving bank loans, bearing interest at prime lending rate plus 1% (4.5% as of Dec. 31, 2008), due from Oct. 2009 through Aug. 2013.			PRICE RANGE —(in C\$):
Bank indebtedness . .	6,526,900	4,950,988	(2) C\$500,000 vendor debt, non-interest bearing, due Apr. 1, 2009.			2008 2007 2006 2005 2004
Accts pay & accrued liabil . . . . .	1,909,814	1,342,171	(3) C\$1,242,042 secured equipment and automotive loans, bearing interest at rates ranging from 1% to 9.98%, due from July 2011 through Aug. 2013.			High . . . . . 0.69 1.13 2.64 0.73 0.30
Curr port of long term debt . . . . .	3,249,975	3,088,036				Low . . . . . 0.12 0.27 0.78 0.16 0.16
Tot curr liabil . . . .	11,686,689	9,381,195				