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MORNING NOTE

January 14, 2014

ENTERPRISE GROUP INC. (E-TSX, $0.80)

Rating: BUY
12-Month Target: $2.25

HART INTEGRATED; TC BACKHOE WINS NEW CONTRACTS

ENTERPRISE GROUP, INC.			**TSX : E**
(Currency is C$ unless noted otherwise)			
Closing Price January 13, 2014			$0.80
12 Month Target Price			$2.25
Dividend (annual)			$0.00
Dividend Yield			0.0%
Potential Total Return			181.3%
52 Week Range			$0.22 - $0.89
Average Daily Volume (100-Day)			512,705
MARKET INFO			
Market Cap (millions)			$90.6
Enterprise Value (millions)			$116.6
Shares O/S (000's)			108,640
Fully Diluted (000's)			113,227
FYE: DEC 31	**2012**	**2013E**	**2014E**
Revenue (millions)	$18.5	$36.8	$90.0
Revenue Growth (%)	3.5%	98.8%	144.6%
EBITDA (millions)	$4.4	$10.6	$35.7
EBITDA Margin (%)	23.5%	28.9%	39.7%
Fully Diluted EPS	$0.04	$0.11	$0.19
Cash (millions)	$1.2	$20.4	$0.2
Total Debt (millions)	$13.2	$20.4	$16.3
VALUATION	**2012**	**2013E**	**2014E**
EV / EBITDA	9.2x	11.0x	3.3x
P/E (tax adjusted basis)	16.1x	10.3x	4.3x
Website: www.enterprisegrp.ca			
DISCLOSURE:			5, 6
(Please refer to the applicable disclosures that are listed on the back page)			

Source: Thomson One, M Partners

COMPANY DESCRIPTION

Enterprise Group Inc. (E-TSX) is a diversified construction, utilities and oilfield services company with three operational business segments: TC Backhoe & Directional Drilling (which includes Calgary Tunnelling & Horizontal Augering Ltd.), Artic Therm (which includes Hart Oilfield Rentals) and E One Limited. Enterprise Group operates in western Canada with most of their revenue derived from the Province of Alberta. Enterprise Group is also a consolidator of similar businesses in western Canada which adds a growth by acquisition aspect to its organic growth strategy.

EVENT: Enterprise Group issued a press release yesterday confirming the completion of the integration of Hart Oilfield Rentals as well as two contract wins for TC Backhoe.

- In our Top Picks note dated January 9, 2014, titled, 2014 *TOP PICK ~ 2013 ACQUISITIONS EXPECTED TO DRIVE STOCK HIGHER*, we highlighted that there is little integration risk relating to the Hart acquisition. We believe yesterday's announcement that Enterprise Group fully integrated Hart a mere 10 days after closing on the acquisition validates our assertion.

- The company also announced that the total expected 2014 CAPEX in Hart is to be $9.4 million; $2.4 million higher than the $7.0 million originally planned for Hart. We view the additional CAPEX spend as a positive as it suggests that the pipeline of work is stronger than management had initially anticipated a month ago.

- Management confirmed that full-year results from Hart are expected to be $29.9 million of revenue and $12.0 million of EBITDA once the fleet is expanded. We are modeling $29.9 million of revenue and $12.0 million of EBITDA for 2014 which could make our estimates a little heavy given the fleet will be expanded in the coming months. However, since the majority of the work would be done after the winter thaw, we are standing by our estimates. Having said that, we believe our Artic Therm estimates could be slightly conservative given its expanded fleet of 102 small heaters, up from 80 units last winter. We are not modelling full utilization of this 102 unit heater fleet, however, given the severe cold winter experienced this year, we believe this fleet will be fully utilized for the entire winter season. Thus we believe the extent to which we may be slightly heavy with our 2014 Hart estimates will be offset by stronger Artic Therm results, leading us to maintain our current, full-year consolidated estimates for Enterprise Group.

- Finally, Enterprise announced a $1.3 million (revenue) contract win at TC Backhoe which will last through 2016 (assume $650,000 of revenue in 2014 and 2015) and a $1.2 million increase to an existing $3.0 million contract that was won in October and extends into Q2/15 (assume $2.5 million of revenue in 2014). The contract win and the increase in the existing contract continue to point to the strength in its end markets in western Canada. We are not changing our estimates as we are treating these small contract wins as part of the $19.15 million in revenue we are expecting TC Backhoe to generate in 2014.

- The table below summarizes our 2014 estimates for each segment.

2014 ESTIMATES	**Hart Oilfield Rentals Acquisition**	**CTHA Acquisition**	**TC Backhoe**	**6 New Units @ Artic Therm**	**Rest of Artic Therm + E One**	**Consolidated 2014 Estimates**
Revenue	$ 29.9 million	$ 19.5 million	$ 19.2 million	$ 10.3 million	$ 11.1 million =	$ 90.0 million
EBITDA	$ 12.0 million	$ 7.8 million	$ 6.7 million	$ 4.4 million	$ 4.8 million =	$ 35.7 million
EPS - fully diluted *	$ 0.05	$ 0.04	$ 0.04	$ 0.02	$ 0.03 =	$ 0.19
Valuation Multiple				Current Target Price =	$ 2.25	
Forward P/E = 12 x		→ Value from Hart, CTHA & 6 new Artic Therm units =			$ 1.20	
Value of Legacy Businesses (excluding impact of six new Artic Therm units) =					$1.05	

* Due to rounding, the sum of the segments does not add up to the consolidated EPS estimate of $0.19.

Source: M Partners Estimates

- Our confidence in our 2014 estimates is derived from the visibility we already have with respect to each business segment.
  - management is guiding to full year revenue of $29.9 million and EBITDA of $12.0 million at Hart,
  - management is guiding to a $25.0 million revenue run-rate from CTHA a year after closing on the acquisition; our $19.5 million 2014 revenue estimate, we believe, is in line with management's trajectory to $25.0 million,
  - more than 50% of our TC Backhoe and CTHA 2014 revenue estimate is represented in the company's $20 million Utilities/Infrastructure Construction backlog,

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Please see back page for important disclosure information

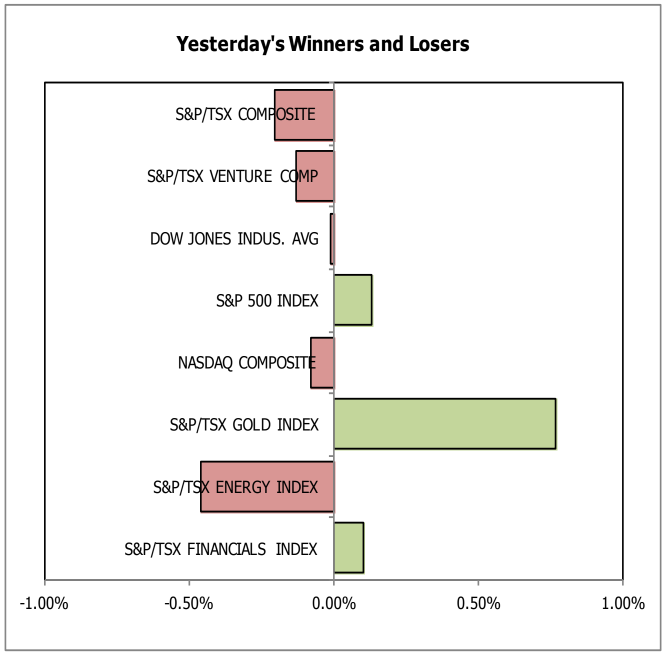
MORNING OUTLOOK

OCTOBER 29, 2013

World Indices - As of Last Close	Price ($)	1 Day Change %	MTD Change %	YTD Change %	1 Year Change %
DOW JONES INDUS. AVG	15,568.93	-0.01	2.90	18.81	18.78
S&P 500 INDEX	1,762.11	0.13	4.79	23.55	24.80
NASDAQ COMPOSITE	3,940.13	-0.08	4.47	30.49	31.87
S&P/TSX COMPOSITE	13,371.84	-0.21	4.57	7.55	8.60
S&P/TSX 60 INDEX	849.55	-0.22	4.83	7.64	8.87
S&P/TSX ENERGY INDEX	2,856.91	-0.46	2.72	7.62	6.06
S&P/TSX GOLD INDEX	1,645.51	0.77	6.69	-34.65	-42.11
S&P/TSX FINANCIALS INDEX	2,009.67	0.10	4.90	14.46	20.22
S&P/TSX VENTURE COMP	972.31	-0.13	3.31	-20.39	-24.71
FTSE 100 INDEX	6,755.73	0.44	4.54	14.55	16.58
CAC 40 INDEX	4,251.61	-0.48	2.61	16.77	24.72
DAX INDEX	8,994.47	0.18	4.66	18.16	24.87
NIKKEI 225	14,396.04	2.19	-0.41	38.49	61.22
HANG SENG INDEX	22,806.58	0.48	-0.23	0.66	6.02
Shanghai	2,133.87	-2.26	-1.88	-5.96	3.64
S&P/ASX 200 INDEX	5,415.50	-0.48	3.77	16.49	20.97

Commodity Spot Prices	Market Price @ 6:35am	Current Change %	MTD Change %	YTD Change %	1 Year Change %
GOLD	1,352.20	-0.02	1.90	-19.31	-20.86
SILVER	22.54	-0.45	3.82	-25.44	-29.00
COPPER	3.27	0.00	-1.63	-10.50	-6.45
ZINC	0.87	1.50	2.48	-5.48	7.73
URANIUM	34.80	0.29	-1.28	-19.54	-19.07
CRUDE	98.68	0.85	-3.57	7.47	15.36
BRENT	109.61	2.51	0.60	-0.91	0.90
NATURAL GAS	3.74	-3.78	5.03	11.11	-4.91

Source: Capital IQ, M Partners



Source: Capital IQ

COMPANY NEWS: New Zealand Energy Corp. (NZ – TSXV, $0.395 | BUY $0.70) announced it closed the acquisition of the Origin assets and raised $16.1 million through a private placement ahead of their $15 million target. NZEC now owns a 50% interest in the Tariki, Waihapa and Ngaere petroleum mining licences in the Taranaki Basin, as well as the Waihapa production station and associated gathering and sales infrastructure. NZEC is the operator of a 50/50 joint venture with L&M Energy Ltd. to explore, develop and operate the newly acquired assets. The new properties offer immediate production and cash flow potential from existing wells, and significant exploration potential across multiple horizons. Disclosure: 2, 6

INDUSTRY NEWS: GoldQuest Mining Corp. (GQC – TSXV, $0.28 | N/R) announced a maiden NI 43-101 compliant resource estimate on its 100% owned Romero deposit in the Dominican Republic including an indicated resource of 2.4 million ounces AuEq and inferred resource of 0.8 million ounces AuEq. The low variability of the gold grade of the deposit and concentrated drilling density near the core of the deposit placed 75% of the contained metal occuring within the higher confidence indicated category. The company believes there is potential for underground bulk mining at Romero. Disclosure: None

PetroNova Inc. (PNA – TSXV, $0.295 | N/R) announced spud of its first exploration well on the PUT-2 Block located in Colombia's Putumayo Basin. The well will be drilled directionally from a three-well surface pad and the expected drilling time to reach total depth of 10,300 feet is approximately 45 days. The company currently holds a 75% working interest in the block with the remaining 25% held by Suroco Energy. Disclosure: None

Temple Hotels Inc. (TPH – TSX, $5.90 | N/R) acquired a 106 suite extended-stay property in Yellowknife, NWT, adjacent to Stanton Territorial Hospital and in close proximity to the Yellowknife Airport for $21.68 million. The property's extended-stay occupancy and average daily rate for 2013 year-to-date were 69% and $160, respectively, translating into a RevPar of $110. Including new construction and refurbishment, the total investment in the property of $26.48 million represents an estimated capitalization rate of 11.6% based on 2015 forecasted net income. Disclosure: None

ECONOMIC DATA FOR OCTOBER 29, 2013

U.S. – Retail Sales, Retail Sales ex-auto, PPI, Core PPI, Case-Shiller 20-city Index, Business Inventories, Consumer Confidence
CDN – Industrial Product Price, Raw Materials Price Index

EARNINGS FOR OCTOBER 29, 2013

Alacer Gold Corp. (ASR), First National Financial Corp. (FN), Genworth MI Canada Inc. (MIC), MGM Energy Corp. (MGX), New Gold Inc. (NGD), Thomson Reuters Corp. (TRI), Yamana Gold Inc. (YRI)

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RESEARCH · TRADING · ADVISORY

MORNING NOTE

October 29, 2013

ENTERPRISE GROUP, INC. (E-TSX, $0.83)

Rating: BUY
12-Month Target: $2.05

Q3/13 PREVIEW ~ ACQUISITIONS & ORGANIC GROWTH TO DRIVE RESULTS

ENTERPRISE GROUP, INC.			**TSX : E**
(Currency is C$ unless noted otherwise)			
Closing Price October 28, 2013			$0.83
12 Month Target Price			$2.05
Dividend (annual)			$0.00
Dividend Yield			0.0%
Potential Total Return			147.0%
52 Week Range			$0.20 - $0.89
Average Daily Volume (100-Day)			437,100
MARKET INFO			
Market Cap (millions)			$74.5
Enterprise Value (millions)			$91.5
Shares O/S (000's)			79,192
Fully Diluted (000's)			89,807
FYE: DEC 31	**2012**	**2013E**	**2014E**
Revenue (millions)	$18.5	$39.0	$65.3
Revenue Growth (%)	3.5%	110.7%	67.4%
EBITDA (millions)	$4.4	$14.2	$26.9
EBITDA Margin (%)	23.5%	36.5%	41.3%
Fully Diluted EPS	$0.04	$0.12	$0.17
Cash (millions)	$1.2	$3.9	$6.1
Total Debt (millions)	$13.2	$16.8	$12.3
VALUATION	**2012**	**2013E**	**2014E**
EV / EBITDA	9.2x	6.4x	3.4x
P/E (tax adjusted basis)	16.1x	9.7x	4.9x
Website: www.enterprisegrp.ca			
DISCLOSURE:			5, 6
(Please refer to the applicable disclosures that are listed on the back page)			

Source: Thomson One, M Partners

COMPANY DESCRIPTION

Enterprise Group Inc. (E-TSX) is a diversified construction, utilities and oilfield services company with 3 operational business segments: TC Backhoe & Directional Drilling (which includes Calgary Tunnelling & Horizontal Augering Ltd.), Artic Therm and E One Limited. Enterprise Group operates in western Canada with most of their revenue derived from the Province of Alberta. Enterprise Group is also a consolidator of similar businesses in western Canada which adds a growth by acquisition aspect to its organic growth strategy.

EVENT: Enterprise Group, Inc. is expected to report its Q3/13 results before the markets open on November 12 2013. The company does not host a conference call but will be talking to management subsequent to the release.

- It should be noted that **M Partners is the only firm providing research coverage on Enterprise Group**. There are no consensus estimates for the quarter as the M Partners estimates are the only estimates for the quarter.

- **For Q3/13**, we are expecting Enterprise Group to report **fully diluted EPS** of $0.03. The year-over-year increase in earnings is attributable to the acquisition of Calgary Tunnelling & Horizontal Augering Ltd. (CTHA), higher revenue driven by the organic growth at TC Backhoe and the creation of its equipment rental business, E One; no material contribution is expected from Artic Therm in this seasonally weak quarter.

Quarter-end Q3/13			
(in C$ millions, except EPS)	**Last Year in Q3/12**	**M Partners Estimates**	**Consensus Estimate**
Revenue	$ 4.34	$ 12.21	
Gross Profit	$ 1.57	$ 5.20	No
Gross Profit Margin	*36.3%*	*42.6%*	
EBITDA	$ 0.86	$ 3.40	Consensus
EBITDA Margin	*19.8%*	*27.9%*	
EBIT	$ 0.49	$ 2.58	Estimates
Net Income	$ 0.07	$ 2.35	
EPS - fully diluted, adjusted	$ 0.00	$ 0.03	

Source: M Partners, Bloomberg

- **Revenue** in Q3/13 is expected to increase to $12.21 million, up from $4.34 million in Q3/12. Revenue will be driven higher with the addition of CTHA, which we estimate will add $4.66 million of incremental revenue in the quarter, new contracts & territories at TC Backhoe and the ramp up of E One.

- **Gross Profit** in Q3/13 is expected to increase to $5.20 million, up from $1.57 million in Q3/12. Our **Gross Margin** estimate is 42.6% versus 36.3% in Q3/12 reflecting a shift in revenue mix, the addition of CTHA and the exiting of certain low margin businesses.

- **EBITDA** in Q3/13 is expected to increase to $3.40 million, up from $0.86 million in Q3/12. Our **EBITDA margin** estimate is 27.9% versus 19.8% in Q3/12. The expected improvement in EBITDA margin versus last year is due to a shift in revenue mix to higher margin businesses and the addition of CTHA.

- **EBIT** is expected to reach $2.58 million in Q3/13, up from $0.49 million in Q3/12. The improvement in EBIT is expected to be driven by the higher revenue and the stronger gross & EBITDA margins expected in Q3/13 as discussed above.

- We believe higher utilization rates at E One, the expansion of territories at TC Backhoe and the addition of CTHA will provide for strong results in Q3/13 for Enterprise Group. This should provide a near term catalyst for what we believe is a "show me" stock at this stage.

- Beyond the quarter, more and more companies are announcing plans to move ahead with pipeline projects (Enbridge's Woodland Pipeline extension and TransCanada's Energy East Pipeline project are but two examples) and we believe Enterprise Group is well positioned to participate in these pipeline projects that are expected to be built over the next five years. Please refer to our note titled, *TRANSFORMATIVE ACQUISITION CLOSES ~ SIGNIFICANT GROWTH EXPECTED*, that was published on June 18, 2013 for a list of planned pipeline projects.

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DURING THE QUARTER

On August 14, 2013, Enterprise Group announced it had closed on the previously announced acquisition of **Calgary Tunnelling & Horizontal Augering Ltd. (CTHA)** with an effective date of June 14, 2013; the Letter of Intent (LOI) to purchase was signed on February 28, 2013. For the year ended 2012, CTHA generated $14.9 million of revenue, $5.8 million EBITDA and an estimated $0.04 to $0.05 of fully diluted EPS (EPS is an M Partners estimate using Enterprise Group's shares). The purchase price of the transaction was $12 million which was funded by cash, debt financing (as detailed above) and $1 million in vendor take-back financing to be paid over two years. We believe this acquisition is transformative and impactful to Enterprise Group as it has the potential to immediately increase Enterprise Group's revenue and EBITDA by about 50%. Furthermore, management has indicated that it expects CTHA can generate $22 million to $25 million of revenue in a year's time. We are forecasting a $23.6 million revenue contribution from CTHA in 2014, generating $9.5 million of EBITDA (40.5% EBITDA margin) and $0.07 of fully diluted EPS.

Given the financial information provided by Enterprise Group, we believe that CTHA generated $5.1 million of revenue in May and June of 2013 (the acquisition was initially scheduled to close with an effective date of May 1, 2013) which was well ahead of our $3.7 million estimate for the same period. Furthermore, on **September 17, 2013**, the company disclosed that since the closing of the CTHA acquisition on June 14, 2013, CTHA had backlogged and completed approximately $8.4 million in project construction, including over $2.5 million in pipeline related projects. For 2H/13, we are forecasting $10.6 million of revenue from CTHA so with 79% of this already accounted for, we are confident Enterprise will at the very least hit our CTHA estimates and are increasingly confident that Enterprise Group has CTHA on track to grow to a $22 million to $25 million business by the end of next year. As stated above, for 2014, we are forecasting $23.6 million of revenue from CTHA.

On **September 17, 2013**, Enterprise Group did provide further updates to its other business which included:

- an update to the current backlog at **TC Backhoe** which now includes nearly $4 million in underground subdivision projects which equates to over 600 new residential lots. The power line crews at TC Backhoe have backlogged a further $3.5 million in projects with much of it relating to new construction of power distribution to many of the upgrading facilities being built in the greater Edmonton region. We are forecasting $8.3 million of revenue from TC Backhoe in 2H/13; with $7.5 million in its backlog, we are again confident of our 2H/13 estimates and with the outlook for this business segment in 2014 where we are forecasting $15.8 million of revenue.
- an update to Artic Therm's capital expenditure plan for 2013. **Artic Therm** had taken delivery of three of the six newly built 3.0 million BTU truck units. The remaining trucks are scheduled to be delivered prior to the end of December 2013 which at that time, will bring the high output truck fleet (1.5 million to 3.0 million BTU trucks) to a total of ten trucks. These trucks charge out at $15,000 per day in peak season with a four-man operating crew. We are assuming full utilization of all ten trucks in 2014 (defined as being rented for 120 days per year) at an average rate of $14,250 per day.
- an update on this summer's increase in utilization of its heavy equipment rental fleet. Enterprise Group's **E One** business segment was operating at approximately 85% utilization (as of September 17, 2013) which is nearly 30% higher than the same period in 2012. We are currently modelling a utilization rate of 70% for 2013 (on a full year basis), increasing to 75% in 2014. Again with E One's performance through the first three quarters of 2013, we are again confident that E One will hit our estimates both this year and next.

On **September 24, 2013**, Enterprise Group announced that it had retained A.B. Korelin & Associates Inc. of Blaine, Washington, to assist the Enterprise Group in its preparation and submission of the company's Form 20-F registration statement with the Securities and Exchange Commission. The filing of the Form 20-F in the United States will increase Enterprise Group's exposure to stockbrokers and investors in the United States and will provide analysts, brokers and institutions in the United States increased confidence that the company is registered with the SEC which should assist them in discussing the company with American residents. Once the Form 20-F becomes effective with the SEC, Enterprise Group will become a full reporting issuer in the United States. While the press release states that Enterprise Group will also "consider the advantages of listing on one of the U.S. exchanges," management has indicated that it currently has no plans for such a listing and that consideration for such a listing will occur further into the future, in the mid- to longer term.

AFTER THE QUARTER

On **October 25, 2013**, Enterprise Group announced that it had won two contracts, a $3 million / 20 month contract at TC Backhoe and a $2 million contract at CTHA.

The TC Backhoe contract is worth more than $3 million and was awarded by one of North America's largest pipeline and natural gas storage companies. This Hydro-Vac project has an immediate start date with the work expected to be completed over the next 20 months in Northern Alberta. In order to accommodate this contract as well as future growth, Enterprise Group has ordered eight Hydro-Vac units, which doubles the capacity of its existing fleet. TC Backhoe will take delivery of two new units immediately with the balance to be delivered in Q1/14.

The second contract was awarded to CTHA which adds approximately $2 million to its $8.4 million backlog of construction projects, includes a contract with one of Canada's largest railway providers. This project has an immediate start date and we are assuming the contract will be completed in 2014.

The TC Backhoe contract is worth $1.8 million in revenue in 2014 and we are estimating the CTHA contract is worth approximately $1.8 million in 2014 as well. Assuming a 40% EBITDA margin, we believe these contracts are worth $1.44 million of EBITDA and about a $0.01 of fully diluted EPS in 2014. We believe these contracts increase our visibility into 2014 and helps backstop our 2014 estimates and valuation. For 2014, we are modeling $65.3 million of revenue, $26.9 million of EBITDA and $0.17 of fully diluted EPS for Enterprise Group on a consolidated basis.

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RECOMMENDATION

With Enterprise Group currently trading at 4.9x on a forward P/E basis and 3.4x on a EV/2014 EBITDA basis, we believe this is a compelling buying opportunity for investors in advance of Enterprise Group announcing its Q3/13 results which are due out during the first two weeks of November. With Enterprise Group very much being a "show me" story, we believe solid Q3/13 results will be a catalyst for the stock given its current low valuation.

We are maintaining our BUY recommendation and our 12-month target price of $2.05 on Enterprise Group.

Our valuation is based on a 12.0x P/E multiple applied to our 2014 EPS of $0.17 which translates into a 7.0x EV/2014 EBITDA multiple.

With Enterprise Group trading at 4.9x on a 2014 P/E basis and 3.4x on a EV/2014 EBITDA basis, we continue to note that Enterprise Group is trading at a valuation discount compared to its peers as the current valuation does not, in our opinion, accurately reflect the CTHA acquisition, the organic growth expected in 2013 and 2014, the Artic Therm acquisition and the investment made (and being made) in Artic Therm to expand the business.

We note that the comparable group is trading at an average forward P/E multiple of 11.5x (6.1x on an EV/2014 EBITDA basis). At the low end of the multiple range, there is a cluster of companies that are trading at 7.3x to 8.0x on a forward P/E basis (3.5x to 4.3x on an EV/2014 EBITDA basis). Whether we use the average consensus multiple, our valuation multiple, or the lower end of the valuation multiples, it is clear that Enterprise Group is currently undervalued.

Also note that we are not applying a micro-cap discount to our valuation multiple as we believe Enterprise Group will cross the $100 million market capitalization threshold in the short-term as it proves out both the CTHA acquisition as well as the Artic Therm acquisition and the subsequent expansion of that business. Thus we are using the same valuation multiples to value Enterprise Group as we are using to value the other infrastructure companies in our research coverage universe.

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Rating System	
Buy:	Price expected to rise
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review:	Not currently rated

Summary of Recommendations (as of July 2, 2013)		
Buy	52	93%
Hold	4	7%
Sell	0	0%
Total	56	100%

INITIATION REPORT

February 27, 2013

ENTERPRISE GROUP INC. (E – TSX, $0.35)

Rating: BUY
Target Price: $1.20

INDUSTRIALS - OIL & GAS, CONSTRUCTION & INFRASTRUCTURE SUPPORT SERVICES

ENTERPRISE GROUP, INC.			TSX : E
(Currency is C$ unless noted otherwise)			
Closing Price February 26, 2013			$0.35
12 Month Target Price			$1.20
Dividend (annual)			$0.00
Dividend Yield			0.0%
Potential Total Return			242.9%
52 Week Range			$0.13 - $0.47
Average Daily Volume (100-Day)			216,561
MARKET INFO			
Market Cap (millions)			$19.3
Enterprise Value (millions)			$30.0
Shares O/S (000's)			55,115
Fully Diluted (000's)			58,466
FYE: DEC 31	**2011A**	**2012E**	**2013E**
Revenue (millions)	$17.9	$20.0	$29.9
Revenue Growth (%)	14.5%	11.7%	49.8%
EBITDA (millions)	$1.6	$4.1	$11.8
EBITDA Margin (%)	8.7%	20.3%	39.6%
Fully Diluted EPS	$0.00	$0.03	$0.15
Cash (millions)	$0.4	$1.8	$7.7
Total Debt (millions)	$4.9	$12.1	$9.5
VALUATION	**2011A**	**2012E**	**2013E**
EV / EBITDA	6.5x	7.4x	2.5x
P/E (tax adjusted basis)	n/m	15.0x	3.4x
Website: www.enterprisegrp.ca			
DISCLOSURE:			5
(Please refer to the applicable disclosures that are listed on the back page)			

Source: Thomson One, M Partners

Management & Major Shareholders

	Shares (M)	Percentage Of Outstanding
Jaroszuk, Leonard D.	9.074	14.9%
Ingram, Ronald	0.600	1.0%
O'Kell, Desmond	0.168	0.3%
Cabral, Warren	0.144	0.2%
Pinsent, John H. C.	0.050	0.1%
Total	**10.036**	**16.5%**

Source: Capital IQ, ThomsonOne & Bloomberg

CAPTURING ALBERTA'S UPSIDE

- ➔ Enterprise Group Inc. is a high growth industrial company that plans to expand its existing three industrial business segments while looking for further growth through acquisition opportunities in related businesses.
- ➔ Given its concentrated exposure to Alberta, we believe Enterprise Group will benefit from Alberta's relatively stronger growth in 2013 versus the rest of Canada. Our P/E and EV/EBITDA multiples capture this exposure and the growth associated by having a presence in the region.
- ➔ Enterprise Group is a turnaround and transformational story given the acquisitions it has made and the new business segment it has entered. We believe Enterprise Group is trading at a deep discount relative to its peers as the current valuation does not reflect the acquisitions, new business segments and the resulting growth expected in 2013; especially when this growth is compared to its peers. Trading at a 3.4x 2013 P/E multiple (M Partners estimate) vs. its peers at 10.9x, there remains tremendous upside to our target price.

TAILWINDS ACROSS ALL 3 BUSINESSES HEADING INTO 2013

Enterprise Group Inc. is a diversified construction, utilities and oilfield services company with three operational business segments: TC Backhoe & Directional Drilling, Artic Therm and E One Limited.

- TC Backhoe & Directional Drilling is involved in the construction and underground installation of utilities & pipelines for industrial, commercial & residential properties in western Canada, focusing on the installation and repair of underground utility services in new subdivisions; providing hydrovacing, trenching, plowing and backhoe/dozer work services. ***TC Backhoe & Directional Drilling has doubled its serviceable territory in the Edmonton region as it heads into 2013***.
- Artic Therm was acquired by Enterprise Group in September 2012 and provides advanced, flameless heat technology; renting flameless heaters to broad based construction and oil & gas industries in Alberta. ***Artic Therm operates with EBITDA margins greater than 50%***.
- E One Limited rents heavy equipment to construction contractors whose core fleet cannot meet demand. The fleet is comprised of excavators, bulldozers and pipe-layers which are rented out at $5,500 to $19,500 per month. E One Limited typically operates with a 60% to 80% utilization rate; ***in 2013, we expect the utilization rate will be at the high end of the range***.

VALUATION AND RECOMMENDATION

- Our P/E valuation, which is based on a 12.0x multiple applied to our 2013 tax adjusted EPS estimate of $0.10 (actual 2013 EPS estimate is $0.15), values Enterprise Group at $1.25 per share. Enterprise Group's 2013 tax adjusted EPS is expected to grow from an estimated $0.03 in 2012 to $0.10 in 2013 (M Partners estimates); this massive growth vs. that of the comparable group suggests that Enterprise Group is trading at a deep valuation discount compared to its peers.
- The comparables are trading at a multiple of 5.2x 2013 EBITDA. With Enterprise Group only trading at 2.5x on a 2013 EBITDA basis, we believe Enterprise Group is not fairly valued relative to its peers. We believe that a 7.0x multiple is appropriate given its growth profile relative to its peers, thus valuing Enterprise Group at $1.18 on an EV/2013 EBITDA basis.
- We are initiating coverage on Enterprise Group with a BUY recommendation and a twelve month $1.20 target price. Our valuation is based on a 12.0x P/E multiple applied to our 2013 tax adjusted EPS of $0.10 (actual 2013 EPS estimate is $0.15) which translates into a 7.0x EV/2013 EBITDA multiple.

Member of the Investment Industry Regulatory Organization of Canada (IIROC)
Participating Organization – Toronto Stock Exchange and TSX Venture Exchange
Member – Canadian Investor Protection Fund (CIPF)

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OVERVIEW

Through its three distinct businesses, Enterprise Group, Inc. provides services for utility, construction and oilfield companies located in Alberta.

Enterprise Group Inc. is a diversified construction, utilities and oilfield services company which operates in the energy, utility and transportation infrastructure industry in Alberta. The company has three core businesses with its primary business TC Backhoe & Directional drilling focusing on underground construction & maintenance and above ground plants & facilities. Artic Therm, acquired in September 2012, focuses on the rental of state of the art flameless heating equipment. In Q1/12, Enterprise launched E One Limited which rents heavy Energy Service equipment to fill contractor's excess demand.

Focused in Alberta, Enterprise is well positioned to service the growing energy sector's need for construction and infrastructure equipment. The company was initially formed in 2004 when the company IPO'd under the name Enterprise Oilfield Group, but changed its name to Enterprise Group Inc. in July 2012 to reflect its diversification away from the original energy services business. Enterprise is strategically located near its customers with its headquarters in St. Albert, Alberta, a sales office in Calgary, construction offices in Slave Lake, Sherwood Park, Morinville and Innisfail, and field offices in Wabasca and Fox Creek.

FIGURE 1: SERVICE FOOTPRINT

Source: Company Reports

BUSINESS SEGMENTS

Enterprise provides utilities installation and directional drilling services through its TC Backhoe & Directional Drilling company, flameless heating rentals though Artic Therm and heavy equipment rental through E One Inc.

Enterprise is a growing consolidator of businesses; its current mix of three businesses provides a range of services to the energy, utility and construction sectors in western Canada. Enterprise Group's different business segments work in tandem with one another to provide services to underground utility and directional drilling customers which typically peak in the summer and fall months, while its flameless heating services business is most active during oil & gas exploration in the winter months. We estimate a revenue split of 67% / 23% / 10% for TC Backhoe, Artic Therm and E One respectively in 2013.

TC BACKHOE & DIRECTIONAL DRILLING — ARTIC THERM International Ltd. — E ONE LIMITED

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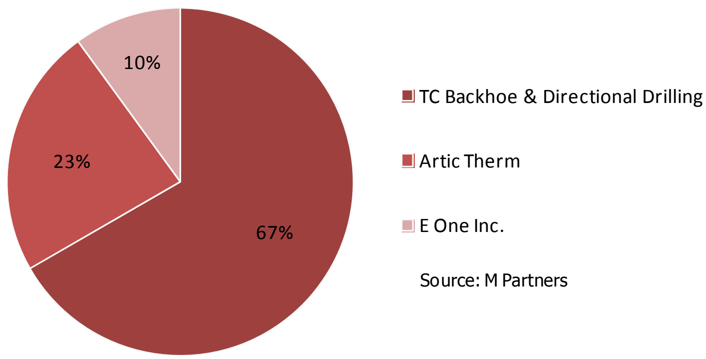
FIGURE 2: SEGMENT REVENUE ~ M PARTNERS 2013 ESTIMATE

67% of Enterprise's Revenue is derived from TC Backhoe & Directional Drilling, 23% from Artic Therm and 10% from E One Rentals, with the latter two segments growing at a fast rate than TC Backhoe.



Source: M Partners

UTILITIES INSTALLATION AND DIRECTIONAL DRILLING SERVICES:

TC Backhoe installs and repairs utility services underground in new subdivisions and also provides hydrovacing, trenching & plowing, backhoe and dozer work in all regions in the Greater Edmonton area.

TC Backhoe & Directional Drilling is involved in the construction and underground installation of utilities and pipelines for industrial, commercial and residential properties in western Canada. Headquartered in Sherwood Park Alberta, its focus is the installation and repair of utility services underground in new subdivisions and also provides hydrovacing, trenching & plowing, backhoe and dozer work. Over 35 years of industry experience has led to relationships with some of the province's largest developers including Qualico, Genstar and Landrex. TC Backhoe benefits from the rapid expansion of infrastructure in the region; its customers include Canada's largest providers of telecommunications, cable television, electricity and natural gas services including Fortis, EPCOR, Telus, Bell, Shaw and the government of Alberta.

Enterprise expects the TC Backhoe & Directional Drilling business to account for approximately two thirds of the 2013 revenue with a large portion of incremental revenue coming from a newly awarded contract for the southern and western regions of Edmonton. TC Backhoe now services all of the metro Edmonton area (it previously had rights to the eastern and northern regions of Edmonton), which includes all residential and suburb construction in the greater Edmonton area as well as large commercial infrastructure projects by companies like Enbridge, MEG Energy, etc. The business provides a good visibility into future earnings as about 40% of TC Backhoe's revenues are generated from long term 12 to 18 month contracts.

FLAMELESS HEATING RENTALS:

Artic Therm provides advanced, flameless heat technology; renting flameless heaters to broad based construction and oil & gas industries in western Canada.

Artic Therm International Ltd. provides advanced, flameless heat technology; renting flameless heaters to broad based construction and oil & gas industries in western Canada. Artic Therm's patented technology provides flameless, dry, contaminant-free heat in the form of warm air, creating a safe working environment. Founded in 1998, Artic Therm was acquired by Enterprise in September 2012 for total consideration of $6.5 million (see Growth Opportunities & Expansion section below for further details) which we estimate is equivalent to approximately 2.4x EBITDA on a trailing basis or approximately 1.1x EBITDA on a forward basis given Enterprise's immediate investment in additional heating units for Artic Therm and its subsequent expected ramp-up. This compares to Enterprise, which is trading at 7.4x and 2.5x EBITDA on a trailing and forward basis respectively. The Artic Therm business provides the greatest opportunity for growth; we expect growth of more than 50% in 2013 over the 12-month trailing revenue at the time of acquisition.

The current inventory of approximately 84 units range from 500,000 BTUs to 3,000,000 BTUs, with the larger unit rentals including crews. Most rentals do not include diesel costs, which de-risks the business. The flameless heaters are most commonly used for pipeline pre-expansion work but additional applications include heating, thawing and drying of pipeline equipment, as well as secondary heat for labourers working in cold conditions in Alberta.

With the expansion of its rental fleet post acquisition, we believe Artic Therm is well positioned to more than double its revenue in 2013.

We anticipate Artic Therm revenue growing from $4.7 million in revenue (pre-acquisition) to approximately $7.0 million revenue in 2013. This increase will be driven by the additional units purchased during Q4/12, increased utilization of the existing units and the marketing and expansion of new target markets. Enterprise continues to see strong demand in the energy services industry and has already begun to pre-book units into next winter. The company's strategy, which is more aggressive than the previous Artic Therm mentality (which focused on maintaining business from existing customers rather than growth), is to strive to operate at effective 100% utilization, to fill downtime in the summer months with added revenue from the climate control business and to expand into previously untapped markets such as Fort McMurray. Additional capital expenditures grew Enterprise's inventory of small heaters from approximately 50 units to 80 units and will double its medium-large heaters (1,500,000 BTUs to 3,500,000) from four to eight.

FIGURE 3: ARTIC THERM UNITS RANGING FROM 500,000 TO 3,000,000 BTUS

Source: Company Reports

The new large scale units will be hybrid triaxel back in units, which will provide 2,500,000 BTUs of heat, packing the power of the large units into the lighter more manoeuvrable medium sized trailers. More than half of Artic Therm's revenue is generated through the existing medium and large units, therefore we expect a large uptick in revenue following the addition of these 4 "hybrid" units. Enterprise should also be able to charge a premium for the increased functionality of these units which would in turn drive revenue and margins higher.

HEAVY EQUIPMENT RENTAL

E One rents heavy equipment to construction contractors through its fleet of over 200 excavators, bulldozers and pipelayers which are rented out at $5,500 to $19,500 per month.

E One Limited takes advantage of increasing energy sector demand for construction equipment in central and northern Alberta. Officially established in Q1/12 as a way to monetize excess capacity from the legacy Energy Services segment, E One rents heavy equipment to construction contractors whose core fleet cannot meet demand. The heavy equipment fleet is comprised of excavators, bulldozers and pipe-layers which are rented out at $5,500 to $19,500 per month. With a fleet of over 200 trucks and 40 pieces of heavy construction equipment, E One has the equipment and the expertise to undertake a project from start to finish. Enterprise's fleet has historically operated between 60% and 80% capacity but management expects E One to operate at the higher end of the range going forward as energy sector demand remains high.

The fleet of more than 200 units was used by Enterprise's original pipeline construction & maintenance business called Enterprise Energy Services Inc which specialized in small to medium diameter pipeline construction (up to 12") and maintenance projects in the energy services industry. This business now contributes an immaterial amount to overall Enterprise's consolidated revenue as increased competition has decreased contract margins. The segment still services legacy contracts out of the Slave Lake region including Apache and Pennwest, but is not actively seeking new clients and Enterprise has diversified its business away from this sector. The business also constructs facilities, performs directional drilling and larger diameter drilling, underground utility installation and road & lease construction.

GROWTH OPPORTUNITIES & EXPANSION

We expect accretive acquisitions of higher margin businesses as well as higher utilization of its existing but growing fleet will drive higher profitability for the Enterprise Group.

In September 2012, Enterprise's acquired all of the issued and outstanding shares of Artic Therm for total consideration of $6.5 million. The acquisition was funded through the issuance of two million shares at $0.25, vendor take-back financing of $1 million to be paid over two years and $5.0 million cash funded by Enterprise's credit facility. Artic Therm generated $4.7 million in revenue and $2.7 million in EBITDA in the twelve months prior to being acquired. With an EBITDA margin of about 55%, the acquisition will raise Enterprise's consolidated margins and profitability given Enterprise operated with a 16.8% EBITDA margin for the trailing 12-months prior to the acquisition. As the company grows its fleet, we can also expect to see increasing economies of scale as a result of synergies between Artic Therm and E One.

Going forward, management expects substantial organic growth from its operations due to ongoing demand for its services and the expansion of its rental division. As a result, Enterprise has undertaken significant capital expenditures to increase its rental fleet to meet this growing demand. The company has also identified multiple acquisition targets to grow its rental divisions, which if acquired, will contribute significantly to the overall growth and diversity of the company. None of these future acquisitions are factored into our 2013 estimates.

CREDIT FACILITY

Solid cash flows are expected to be used to pay down (and pay off) Enterprise's credit facilities.

In May of 2011, a forest fire combined with 100km per hour winds forced the evacuation of the entire seven thousand person population of Slave Lake. The fire caused nearly $700 million in damages to roughly a third of properties in Slave Lake, the second highest insured disaster in Canadian history. Enterprise qualified for 0% interest rate debt financing offered by the government of Alberta which was intent on retaining local businesses in Slave Lake. Enterprise currently has about $1.2 million outstanding on this credit facility and reports in its financial statements (as per IFRS), an interest cost using a 5.5% interest rate.

On September 13, 2012, Enterprise entered into a $12.5 million senior secured credit facility agreement with PNC bank of Canada. Enterprise financed $5 million of its Artic Therm acquisition using this line of credit which currently has a $6 million outstanding balance that it is repaying at a rate of approximately $1 million per month.

OUTLOOK

A number of favourable market conditions which have contributed to Enterprise's success are expected to continue for through 2013 and beyond.

According to Statistics Canada, the province of Alberta is expected to lead all Canadian provinces in both GDP growth and employment growth in 2013. Essentially all of Enterprise's underground utility and infrastructure division is operating at or near capacity due to a recently signed multi-year contract with one of Canada's premier power suppliers. As well, the division has a significant backlog that will carry it through 2013 and beyond.

In 2013, Enterprise is expected to benefit from a strong and growing Alberta economy and recent investments made into its various businesses.

Part of this growth in GDP and employment will be driven by a net immigration into Alberta, which coupled with a low interest rate environment, is expected to contribute to continued growth in housing starts. Enterprise's largest customers in the homebuilding industry are forecasting strong growth over the next two years, which we believe will drive demand for the company's underground utility division through 2013. As well, the E One equipment rental division is in high demand and with its "beefed up" fleet, is well positioned to take advantage of the continued strength in the construction industry.

Historically low interest rates and relatively stable crude oil prices have created an environment in which the energy sector is expected to continue its growth as capital expenditures into the industry continues. Demand for the construction, road lease building, drilling and completion services provided by Enterprise should continue to increase as the energy sector drives Enterprise's organic growth. Additionally, the new Artic Therm business has yet to report its seasonally strong fourth quarter; which will also benefit from its increased fleet which increased by about 60% (or 30 units) in September, in advance of the winter season and the early start to what has been a long and cold winter.

A healthy market for Enterprise's pipeline construction & maintenance and utilities installation and directional drilling services will allow the company to only bid on projects which it believes offer competitive margins. Additionally, smaller high margin, forced account/hourly projects are also being awarded and bid on by Enterprise as it continues to high grade its revenue and exit out of low profit contracts. With the vast majority of the revenue high-grading now complete, we believe revenue and profitability will grow through 2013 and beyond.

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FINANCIAL OUTLOOK & ESTIMATES

Construction and utilities activity and oil field services in Alberta are expected to continue to improve driven by Alberta's GDP and population growth which is expected to grow faster than the Canadian average.

Our over-arching macro thesis is that Alberta is going to continue to lead Canada in terms of economic growth and companies that operate in Alberta will do well.

We believe construction activity and oil field services in western Canada will continue to improve driven by Alberta's GDP and population growth which is expected, according to Statistics Canada, to grow faster than the Canadian average as a result of the agricultural, oil & gas and mining industries. As such, general construction and infrastructure spending will need to keep pace with this growth which should benefit the Enterprise Group.

Our key assumptions include:

- An 11.7% increase in **revenue** in 2012 and a 49.8% increase in 2013
    - We expect to see about 20% organic growth in 2013 with the remainder of the year-over-year increase driven by the Artic Therm acquisition.
    - We are assuming **Artic Therm** will generate about $7 million in revenue in 2013, driven by the investment made in (and addition of) 30 trailer/dry rent heater unit, increasing that fleet to 80 units; Artic Therm has an additional 4 units that are larger and come with crews. With 90% utilization rates, we are assuming the additional unit will accelerate the revenue growth from this business unit.
    - Growth in **E One** is expected to drive revenue from this group to about $3 million in 2013. Our growth assumption for E One is driven by our belief that: 1) utilization rates in 2013 will be at the higher end of the historical 60% to 80% range, and 2) this higher utilization coupled with an investment made in fleet expansion will magnify the growth from E One.
    - **TC Backhoe & Directional Drilling** revenue is expected to grow by 26% in 2013 to about $20 million. The strength in 2013 is partly driven by the increased territories around Edmonton that it is now able to sell its services into (was recently granted regions to the south and west of Edmonton) as well as continued strength from its existing territories to the north and the east of Edmonton.
    - Given the relative strength of Alberta within Canada, driven by solid activity in the oil & gas industry and a strong agricultural sector, we believe further investments in infrastructure projects will continue in order to keep up with this growth.

The acquisition of Artic Therm and the growth of its fleet and that of E One are expected to drive top and bottom line growth in 2013.

We are expecting Enterprise Group to reinvest cash in further organic growth initiatives in 2013.

- **Cost of sales** trending with revenue growth albeit at a much slower pace, leading to Gross Margin improvement of 15 points in 2013, in addition to the 9 point improvement we expect to see in 2012.
- **CAPEX** is expected to be less than the estimated $2.8 million incurred in 2012 as 2013 CAPEX will mainly be associated with its investment in 4 new "hybrid" & large heating units and other smaller heater units.

We see EBITDA reaching $11.85 million in 2013, up from an estimated $4.06 million in 2012.

We are forecasting $0.03 of fully diluted EPS in 2012, increasing to $0.15 in 2013.

Our key estimates:

- **EBITDA** increasing to $11.9 million (**EBITDA margin** of 39.6%) in 2013, up from an estimated $4.1 million (EBITDA margin of 20.3%) in 2012 and up from $1.6 million in 2010. Our estimates reflect the high-grading of Enterprise's revenue over the last 2 years and its move into other businesses both through organic and acquisition initiatives which are higher margin businesses.
- $0.15 of **fully diluted EPS** in 2013, up from an estimated $0.03 in 2012, driven by the increases in revenue and EBITDA highlighted in this report. Note however that the EPS of $0.15 that we are estimating for 2013 is essentially all non-taxed earnings as Enterprise currently has about $9.5 million in **tax loss carry forwards** which we expect will be all used up by the end of 2013.

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VALUATION

In valuing Enterprise Group, we use comparable P/E and EBITDA multiples based on 2013 M Partners and consensus estimates and then apply those multiples to our 2013 estimates.

In terms of P/E multiples, the comparables are trading at 22.8x 2013E earnings with expected consensus growth of negative 4%. However, there are two companies which are skewing the average; excluding these two companies (as well as Enterprise Group), the comparables are trading at 10.9x on a 2013E P/E basis. Enterprise Group is currently trading at 3.4x estimated (M Partners) 2013 EPS which is well below that of the consensus average. With Enterprise Group's earnings expected to grow from an estimated $0.03 in 2012 to $0.15 in 2013 (M Partners estimates); this massive growth versus that of the comparable group seems to suggest (in our opinion) that Enterprise Group is trading at a deep valuation discount compared to its peers.

Since Enterprise Group has a market capitalization below $1 billion, we are using a 12 times P/E multiple to value the company.

While we do value the large, $1 billion plus market capitalization dealerships companies, like Finning and Toromont, using a 14x forward P/E multiple and while we do expect the valuations of large capitalization industrials to typically trade at a 14x to 16x forward P/E multiple, we typically use a 12x forward P/E multiple to value industrials that have a market capitalization below $1 billion. With Enterprise Group having a market capitalization of $24 million (along with a growth through acquisition profile), we believe using a 12x forward P/E multiple to value the company is reasonable.

When we apply a 12.0x EPS multiple to our tax adjusted 2013 EPS estimate of $0.10 (our actual EPS estimate for 2013 is $0.15), we value Enterprise Group at $1.25 per share.

When we apply a 12x EPS multiple to our tax adjusted 2013 EPS estimate of $0.10 (our actual EPS estimate for 2013 is $0.15), we value Enterprise Group at $1.25 per share.

Note, our actual 2013 EPS estimate is $0.15 however, for valuation purposes, we apply a 30% tax rate to arrive at a tax adjusted EPS estimate of $0.10. We use a tax adjusted EPS estimate for our valuation because Enterprise Group is currently not taxable due to the approximately $9.5 million in tax loss carry forwards that it currently has to utilize to offset its taxes completely. We expect these tax losses to be completely utilized by the end of 2013. Assuming no other material amounts of tax loss carry forwards are obtained through future acquisitions, Enterprise Group will be fully taxable in 2014.

The comparables are trading at a multiple of 5.2x 2013 EBITDA. However, three of the six comparables are trading at multiples higher than 6.0x and with Enterprise Group only trading at 2.5x on a 2013 EBITDA basis, we believe Enterprise Group is not fairly valued relative to its peers and believe that a 7.0x multiple is appropriate as we would expect to see Enterprise Group and all of its comparables trading at that level in the future as each company proves out its earnings potential as companies like Badger Daylighting and WesternOne Inc. have done. Furthermore, Enterprise Group revenue is expected to grow by 53% in 2013, comparable to WesternOne's expected 2013 revenue growth rate of 57% and far exceeding Badger Daylighting's 6% expected 2013 revenue growth rate. We believe these growth rates further highlight the valuation disparity between Enterprise Group and its comparables and in our view, justifies the use of multiples that are similar to the multiples used to value its comparables.

We are also using a 7x EV/2013 EBITDA multiple to value Enterprise Group which values the company at $1.18 per share.

Furthermore, given Enterprise Group's growth by acquisition profile, we believe that applying a 7.0x EV/EBITDA multiple to Enterprise Group is appropriate. Note that WesternOne Inc., which has a similar growth through acquisition strategy and competes with Enterprise Group in the heat rental business, is currently trading at a 5.8x EV/2013 EBITDA multiple and we value it by applying a 7.0x multiple. By applying a 7.0x multiple to our 2013 estimate, we value Enterprise Group at $1.18 per share on an EV/2013 EBITDA basis.

We believe that the western Canadian provinces, and in particular, Alberta, will lead Canadian growth given their exposure to commodities and the agricultural industry. Given its concentrated exposure to Alberta, we believe Enterprise Group will benefit from the relative stronger growth in Alberta and that our P/E and EV/EBITDA multiples capture this exposure and the growth associated by having a presence in the region.

Enterprise Group IPO'd during 2007 and with the recession that occurred and the businesses it exited since IPO, Enterprise Group not generated positive EPS and thus, we cannot compare historical trading P/E multiple ranges. While our 12.0x valuation P/E multiple is slightly higher than the industry (comparable) average of 10.9x (when excluding two of the comparable companies), it is reflective of the growth we expect out of Enterprise Group.

Enterprise Group operates in western Canada (northeastern BC, Alberta & Saskatchewan) with concentration in Alberta, a part of Canada that is expected to outperform other jurisdictions in Canada in terms of economic growth. By only operating in Canada, Enterprise Group's currency risk is small and limited to fluctuations in the US dollar which it uses to acquire the smaller heating units (in US dollars). In 2013, management expects it will increase the small heater unit fleet by approximately $2 million (in Canadian dollars). With no country, government or nationalization risks inherent with operating in Canada; by serving various industries like oil, gas, construction, utilities, housing, etc., Enterprise Group is primarily exposed to risks associated with an economic slowdown in western Canada or specifically in Alberta.

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FIGURE 4: COMPARABLE TABLE

Company Name	Closing Price	Market Cap ($m)	Yield	Revenue 2011	Revenue 2012E	Revenue 2013E	EBITDA 2011	EBITDA 2012E	EBITDA 2013E	EPS 2011	EPS 2012E	EPS 2013E
Essential Energy Services Ltd. (TSX:ESN)	$2.05	$254.2	4.7%	$317.21	$347.89	$357.84	$69.15	$72.40	$80.40	$0.30	$0.25	$0.27
Petrowest Corporation (TSX:PRW)	$0.80	$98.2	0.0%	$190.03	$202.60	$235.80	$29.23	$35.05	$45.58	n/a	$0.09	$0.12
CERF Incorporated (TSXV:CFL)	$3.07	$35.8	7.9%	$26.61	$33.23	$42.79	$4.08	$7.63	$12.39	$0.16	$0.05	$0.21
Badger Daylighting Ltd. (TSX:BAD)	$33.72	$415.7	3.2%	$194.18	$232.98	$246.31	$52.81	$60.82	$66.28	$2.38	$2.43	$2.30
North American Energy Partners Inc. (NYSE:NOA)	$4.30	$155.9	0.0%	$858.05	$967.07	$813.89	$37.78	$61.32	$80.12	n/a	n/a	$0.07
WesternOne Inc. (TSX:WEQ)	$8.55	$180.9	7.1%	$109.43	$222.76	$350.09	$24.38	$48.28	$57.09	n/a	n/a	$0.25
Average		**$190.1**	**3.8%**									
Enterprise Group, Inc. (TSX:E)	$0.35	$19.3	0.0%	$17.88	$19.98	$30.60	$1.56	$4.06	$11.85	n/a	$0.03	$0.15

Company Name	EV/EBITDA 2011	EV/EBITDA 2012E	EV/EBITDA 2013E	P/E 2011	P/E 2012E	P/E 2013E
Essential Energy Services Ltd. (TSX:ESN)	4.4x	4.2x	3.8x	6.8x	8.2x	7.6x
Petrowest Corporation (TSX:PRW)	5.7x	4.8x	3.7x	n/a	8.9x	6.7x
CERF Incorporated (TSXV:CFL)	13.3x	7.1x	4.4x	19.2x	61.4x	14.6x
Badger Daylighting Ltd. (TSX:BAD)	8.3x	7.2x	6.6x	14.2x	13.9x	14.7x
North American Energy Partners Inc. (NYSE:NOA)	13.0x	8.0x	6.1x	n/a	n/a	59.4x
WesternOne Inc. (TSX:WEQ)	14.9x	7.5x	6.4x	n/a	n/a	33.6x
Average	**10.0x**	**6.5x**	**5.2x**	**13.4x**	**23.1x**	**22.8x**
Enterprise Group, Inc. (TSX:E)	19.2x	7.4x	2.5x	n/a	7.4x	3.4x

Source: Company Reports, Capital IQ and M Partners

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FIGURE 5: VALUATION TABLE

	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12 E	2012 E	Q1/13 E	Q2/13 E	Q3/13 E	Q4/13 E	2013 E
Revenues	$ 39,761,680	$ 27,699,442	$ 15,623,490	$ 17,883,710	$ 3,631,355	$ 3,891,514	$ 4,333,529	$ 8,122,306	$ 19,978,704	$ 8,172,489	$ 5,450,420	$ 6,655,092	$ 9,656,358	$ 29,934,359
Growth		-30.3%	-43.6%	14.5%	-14.2%	48.8%	-9.9%	30.5%	11.7%	125.1%	40.1%	53.6%	18.9%	49.8%
EBITDA	$ 4,765,955	($ 1,647,268)	($ 1,525,016)	$ 1,561,727	$ 528,361	$ 672,178	$ 860,304	$ 1,998,055	$ 4,058,898	$ 3,558,926	$ 1,231,450	$ 2,007,518	$ 5,051,252	$ 11,849,146
Margin	12.0%	-5.9%	-9.8%	8.7%	14.5%	17.3%	19.9%	24.6%	20.3%	43.5%	22.6%	30.2%	52.3%	39.6%
per share	$ 0.11	($ 0.04)	($ 0.03)	$ 0.03	$ 0.01	$ 0.01	$ 0.01	$ 0.03	$ 0.07	$ 0.06	$ 0.02	$ 0.03	$ 0.08	$ 0.19
EBIT	$ 2,194,258	($ 3,493,077)	($ 3,095,355)	$ 302,475	$ 224,102	$ 366,248	$ 494,255	$ 1,396,943	$ 2,481,548	$ 3,072,330	$ 732,555	$ 1,517,014	$ 4,542,768	$ 9,864,665
Margin	5.5%	-12.6%	-19.8%	1.7%	6.2%	9.4%	11.4%	17.2%	12.4%	37.6%	13.4%	22.8%	47.0%	33.0%
per share	$ 0.05	($ 0.08)	($ 0.06)	$ 0.01	$ 0.00	$ 0.01	$ 0.01	$ 0.02	$ 0.04	$ 0.05	$ 0.01	$ 0.02	$ 0.07	$ 0.16
EPS (fully diluted to common shareholders)	($ 0.30)	($ 0.06)	($ 0.11)	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.02	$ 0.03	$ 0.05	$ 0.01	$ 0.02	$ 0.07	$ 0.15
Operating Cashflow	$ 1,852,786	$ 5,539,986	($ 1,069,745)	$ 405,269	$ 921,812	$ 905,521	$ 338,571	$ 384,858	$ 2,550,762	$ 1,034,985	$ 4,578,221	$ 548,506	$ 4,326,225	$ 10,487,936
CFPS	$ 0.04	$ 0.13	($ 0.02)	$ 0.01	$ 0.02	$ 0.02	$ 0.01	$ 0.01	$ 0.04	$ 0.02	$ 0.08	$ 0.01	$ 0.07	$ 0.17
Weighted Average Number of Shares Outstanding (FD)	41,637,250	42,192,600	48,681,700	51,515,810	54,985,600	55,430,380	58,465,950	60,165,950	57,261,970	60,966,697	60,966,697	60,966,697	60,966,697	60,966,697
Long-term Debt	$ 11,983,496	$ 5,410,921	$ 5,476,160	$ 4,918,708	$ 4,674,903	$ 4,517,845	$ 12,113,386	$ 12,113,386	$ 12,113,386	$ 12,113,386	$ 10,013,386	$ 9,513,386	$ 9,513,386	$ 9,513,386
Long-term Debt Due in One Year	$ 9,776,875	$ 5,294,481	$ 4,647,505	$ 3,664,487	$ 3,495,419	$ 3,171,038	$ 449,786	$ 449,786	$ 449,786	$ 449,786	$ 349,786	$ 349,786	$ 349,786	$ 349,786
Less: Cash	$ 607,297	$ 1,667,558	$ 392,043	$ 357,214	$ 755,833	$ 541,749	$ 1,888,094	$ 1,772,952	$ 1,772,952	$ 2,307,937	$ 3,786,158	$ 3,834,663	$ 7,660,888	$ 7,660,888
Net Debt	$ 21,153,074	$ 9,037,844	$ 9,731,622	$ 8,225,981	$ 7,414,489	$ 7,147,134	$ 10,675,078	$ 10,790,220	$ 10,790,220	$ 10,255,235	$ 6,577,014	$ 6,028,509	$ 2,202,284	$ 2,202,284
per share	$ 0.51	$ 0.21	$ 0.20	$ 0.16	$ 0.13	$ 0.13	$ 0.18	$ 0.18	$ 0.19	$ 0.17	$ 0.11	$ 0.10	$ 0.04	$ 0.04
EV / EBITDA Multiples @														
6.0									$ 0.24					$ 0.98
7.0									$ 0.31					**$ 1.18**
8.0									$ 0.38					$ 1.37
EV / EBIT Multiples @														
7.5									$ 0.14					$ 1.03
8.5									$ 0.19					$ 1.19
9.5									$ 0.23					$ 1.35
P/E Multiples @														
(after applying a 30% tax rate to normalize the EPS) 11.0									$ 0.37					$ 1.15
12.0									$ 0.40					**$ 1.25**
13.0									$ 0.43					$ 1.36

Source: Company Reports and M Partners Estimates

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RECOMMENDATION

Our current 12x 2013 P/E multiple and our 7x EV/EBITDA multiples are the same multiples we use to value Strongco (a micro cap equipment dealership company) and WesternOne Inc., which is a comparable to Enterprise Group.

While globally there remains some economic concerns and while pipeline constraints are causing Alberta oil to be deeply discounted, oil and agricultural commodity prices remain high and we believe economic activity in Alberta will remain strong, driving demand for Enterprise Group's services.

We are initiating coverage on Enterprise Group Inc. with a BUY recommendation and a $1.20 12-month target price.

Our valuation is based on a 12.0 times P/E multiple applied to our 2013 fully diluted, and adjusted for tax EPS estimate of $0.10 (actual M Partners EPS estimate is $0.15) which translates into a 7.0x EV/2013 EBITDA multiple.

Note that Enterprise Group is not taxable due to the approximately $9.5 million in tax loss carry forwards that it currently has to utilize to offset its taxes completely. We expect these tax losses to be completely utilized by the end of 2013. Assuming no other material amounts of tax loss carry forwards are obtained through future acquisitions, Enterprise Group will be fully taxable in 2014. Thus, we use a tax adjusted (using a 30% tax rate) EPS estimate of $0.10 (versus our actual $0.15 EPS estimate which corresponds with what we believe Enterprise will report) in our valuation for Enterprise Group.

The 12.0x P/E valuation that we are using to value Enterprise Group is the same multiple we use to value Strongco, which is a micro cap dealership and rental company that we provide research coverage on and the 7.0x EV/EBITDA multiple is the same multiple used to value WesternOne Inc., which is a comparable to Enterprise Group given its heater rental business.

INVESTMENT RISKS

Investment risks include uncertainties related to pipeline and facilities construction and maintenance services associated with the oil & gas industries, utility services and the domestic & worldwide supplies and commodity prices of oil & gas. These risks and uncertainties include seasonal weather patterns, government regulation of energy and resource companies, the price and the availability of alternative fuels, the availability of pipeline capacity, potential instability or armed conflict in oil producing regions, overall economic strength of the province of Alberta, the success of integrating and realizing the potential of acquisitions, ability to attract and retain key personnel and fluctuations in the value of the Canadian dollar relative to the US dollar.

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MANAGEMENT

Leonard D. Jaroszuk - Chairman, CEO & President - Mr. Jaroszuk has been involved in and managed a number of public companies engaged in real estate, construction, natural resources and exploration over the past 28 years. Mr. Jaroszuk currently serves as a director on several Oil & Gas service and manufacturing companies including West One Limited and Bancshares Capital Corp.

Desmond O'Kell - Vice President - Corp Secretary & Director - Mr. O'Kell has 26 years of business operations and finance experience in the public marketplace. Prior to the inception of Enterprise Oilfield Group, he was President of Rochester Resources (TSXV:RCT), a producing gold & silver mining company. Mr. O'Kell also serves as a director of another Canadian listed resource company.

Warren Cabral, CA - CFO - Mr. Cabral was most recently the CFO for the Alberta Investment Management Corporation, of one of Canada's largest institutional investment fund managers, managing global investments for pensions, endowments and government funds in Alberta. Mr. Cabral is a graduate of the University of Alberta, a member of the Institute of Chartered Accountants of Alberta and is an alumnus of Ernst & Young.

Keir B. Reynolds - Director - Mr. Reynolds has been involved in the public venture capital sector since 2005 and has assisted in the raising of more than $140 million of equity for companies. In April 2011, he founded Mammoth Market Advisory Corp., which specializes in advising public and private companies on their capital markets strategies with expertise in M&A, turnaround situations and initial company start-up.

John Pinsent CA - Director – Mr. Pinsent was a founding partner with St. Arnaud Pinsent Steman Chartered Accountants (SPS) following a 10 year career with Ernst & Young. In 2006, John was awarded the Institute of Chartered Accountants of Alberta Distinguished Service Award for his support of the Province's technology community. John currently holds board seats on four Canadian listed companies.

Fredy Ramsoondar - Director - Mr. Ramsoonar has 15 years in corporate finance experience, including areas of business expansion through franchising acquisitions and strategic alliances. He is currently the CEO of United Protection Security Group Inc. (TSXV:UZZ) and a Director of Samoth Oilfield Inc. (TSXV:SDC).

Source: Company Reports

APPENDIX A: INCOME STATEMENT

For the Fiscal Period Ending December 31	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12 E	2012 E	Q1/13 E	Q2/13 E	Q3/13 E	Q4/13 E	2013 E
Revenues														
Revenues	39,761,680	27,699,442	15,623,490	17,883,710	3,631,355	3,891,514	4,333,529	8,122,306	19,978,704	8,172,489	5,450,420	6,655,092	9,656,358	29,934,359
Expenses														
Direct Expenses (Cost of Sales)	(29,691,300)	(25,564,226)	(13,833,130)	(13,173,450)	(2,405,223)	(2,422,958)	(2,761,877)	(5,295,219)	(12,885,277)	(3,789,126)	(3,393,573)	(3,817,325)	(3,777,193)	(14,777,218)
General and Administrative	(5,304,425)	(3,782,484)	(3,315,375)	(3,148,533)	(697,771)	(796,378)	(711,348)	(829,032)	(3,034,529)	(824,438)	(825,396)	(830,248)	(827,913)	(3,307,995)
Depreciation of Property, Plant and Equipment	0	0	(1,424,839)	(1,113,752)	(267,884)	(269,555)	(329,674)	(564,737)	(1,431,850)	(450,221)	(462,521)	(454,129)	(472,110)	(1,838,981)
Amortization of Intangible Assets	(2,571,697)	(1,845,809)	(145,500)	(145,500)	(36,375)	(36,375)	(36,375)	(36,375)	(145,500)	(36,375)	(36,375)	(36,375)	(36,375)	(145,500)
Impairment Losses of Property, Plant and Equipment	0	0	0	(73,038)	0	0	0	0	0	0	0	0	0	0
Goodwill Write-down	(15,107,933)	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Expenses / Interest	(395,669)	(528,576)	(202,564)	(808,065)	(67,733)	20,247	(135,426)	(135,426)	(318,338)	(135,426)	(107,511)	(107,511)	(107,511)	(457,958)
Fair Value Adjustments	0	0	0	121,221	7,128	29,953	(29,716)	(16,500)	(9,135)	(16,500)	(16,500)	(16,500)	(16,500)	(66,000)
Interest and Other Income / (Loss)	30,741	(43,492)	21,945	590,879	210	328	(3,434)	6,449	3,553	8,395	13,773	13,949	27,867	63,983
Gain/loss on Sales of Property, Plant and Equipment	(308,873)	(1,748,153)	(188,444)	(54,598)	5,000	0	0	0	5,000	0	0	0	0	0
Loss on Sales of Property, Plant, and Equipment	0	0	0	0	0	0	(55,931)	0	(55,931)	0	0	0	0	0
Acquisition Costs	0	0	0	0	0	0	(199,397)	0	(199,397)	0	0	0	0	0
Earnings before Taxes	**(13,587,476)**	**(5,813,298)**	**(3,464,418)**	**78,874**	**168,707**	**416,776**	**70,351**	**1,251,466**	**1,907,300**	**2,928,799**	**622,317**	**1,406,952**	**4,446,623**	**9,404,690**
Taxes and Other Expenses														
Income Tax	141,991	806,168	(2,099,700)	(1,216,000)	(44,700)	(110,400)	(18,700)	(375,440)	(549,240)	(820,064)	(174,249)	(393,946)	(1,245,055)	(2,633,313)
Provision for Income Tax (deferred)	1,176,245	479,300	0	1,216,000	44,700	110,400	18,700	375,440	549,240	820,064	174,249	393,946	933,791	2,322,050
Net Income (Loss)	**(12,269,240)**	**(4,527,830)**	**(5,564,118)**	**78,874**	**168,707**	**416,776**	**70,351**	**1,251,466**	**1,907,300**	**2,928,799**	**622,317**	**1,406,952**	**4,135,360**	**9,093,426**
Basic EPS - Continuing Operations	(0.30)	(0.06)	(0.11)	0.00	0.00	0.01	0.00	0.02	0.03	0.05	0.01	0.02	0.07	0.16
Diluted EPS - Continuing Operations	0.00	0.00	(0.11)	0.00	0.00	0.01	0.00	0.02	0.03	0.05	0.01	0.02	0.07	0.15
Basic Weighted Shares Outstanding	41,637,250	42,192,600	48,681,700	51,515,810	54,766,700	54,766,700	55,114,520	56,814,520	55,365,610	57,714,520	57,714,520	57,714,520	57,714,520	57,714,520
Diluted Weighted Shares Outstanding	41,637,250	42,192,600	48,681,700	51,515,810	54,985,600	55,430,380	58,465,950	60,165,950	57,261,970	60,966,697	60,966,697	60,966,697	60,966,697	60,966,697
Gross Profit / Loss	10,070,380	2,135,216	1,790,360	4,710,260	1,226,132	1,468,556	1,571,652	2,827,087	7,093,427	4,383,363	2,056,846	2,837,766	5,879,165	15,157,141
Gross Profit Margin	*25.3%*	*7.7%*	*11.5%*	*26.3%*	*33.8%*	*37.7%*	*36.3%*	*34.8%*	*35.5%*	*53.6%*	*37.7%*	*42.6%*	*60.9%*	*50.6%*
EBITDA	4,765,955	(1,647,268)	(1,525,016)	1,561,727	528,361	672,178	860,304	1,998,055	4,058,898	3,558,926	1,231,450	2,007,518	5,051,252	11,849,146
EBITDA Margin	*12.0%*	*-5.9%*	*-9.8%*	*8.7%*	*14.5%*	*17.3%*	*19.9%*	*24.6%*	*20.3%*	*43.5%*	*22.6%*	*30.2%*	*52.3%*	*39.6%*
EBIT	2,194,258	(3,493,077)	(3,095,355)	302,475	224,102	366,248	494,255	1,396,943	2,481,548	3,072,330	732,555	1,517,014	4,542,768	9,864,665
EBIT Margin	*5.5%*	*-12.6%*	*-19.8%*	*1.7%*	*6.2%*	*9.4%*	*11.4%*	*17.2%*	*12.4%*	*37.6%*	*13.4%*	*22.8%*	*47.0%*	*33.0%*

Source: Company Reports and M Partners Estimates

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APPENDIX B: BALANCE SHEET

For the Fiscal Period Ended December 31	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12 E	2012 E	Q1/13 E	Q2/13 E	Q3/13 E	Q4/13 E	2013 E
Current Assets														
Cash and Cash Equivalents	607,297	1,667,558	392,043	357,214	755,833	541,749	1,888,094	1,772,952	1,772,952	2,307,937	3,786,158	3,834,663	7,660,888	7,660,888
Deposit & Prepaid Expenses	0	357,442	216,030	304,860	237,464	228,370	195,784	397,758	397,758	534,421	319,853	300,670	472,883	472,883
Accounts Receivables	10,916,390	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade and Other Receivables	0	4,011,810	2,729,006	4,817,204	3,800,280	3,153,190	3,932,278	6,285,126	6,285,126	8,552,661	4,416,330	6,038,882	7,472,192	7,472,192
Unbilled Revenues	0	0	196,320	938,234	448,150	626,721	1,076,090	1,224,137	1,224,137	1,008,577	877,780	1,652,574	1,455,339	1,455,339
Income' taxes Refundable	140,535	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	737,596	706,155	714,846	1,035,451	635,042	512,601	744,395	1,350,979	1,350,979	1,429,184	717,944	1,143,183	1,606,137	1,606,137
Prepaid Expenses	393,675	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	**12,795,493**	**6,742,965**	**4,248,245**	**7,452,963**	**5,876,769**	**5,062,631**	**7,836,641**	**11,030,953**	**11,030,953**	**13,832,779**	**10,118,064**	**12,969,972**	**18,667,439**	**18,667,439**
Non Current Assets														
Property, Plant and Equipment	14,805,290	11,121,510	9,531,420	8,429,189	8,797,008	9,415,366	14,840,430	14,775,693	14,775,693	14,825,472	14,862,951	14,908,822	14,936,713	14,936,713
Marketable Securities	0	32,000	40,000	28,000	64,000	24,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Portfolio Investment	28,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	932,600	2,099,700	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Assets	1,200,375	1,054,875	909,375	763,875	727,500	691,125	1,794,889	1,758,514	1,758,514	1,722,139	1,685,764	1,649,389	1,613,014	1,613,014
Total Assets	**29,761,758**	**21,051,050**	**14,729,040**	**16,674,027**	**15,465,277**	**15,193,122**	**24,499,960**	**27,593,160**	**27,593,160**	**30,408,391**	**26,694,780**	**29,556,183**	**35,245,166**	**35,245,166**
Current Liabilities														
Trade and Other Payables	1,909,814	2,277,882	1,265,155	2,575,341	1,375,059	881,542	1,670,304	3,360,112	3,360,112	3,094,618	1,234,680	2,565,121	3,994,733	3,994,733
Bank Indebtedness	6,526,900	3,363,530	0	962,200	894,883	614,671	0	0	0	0	0	0	0	0
Other Loans Payable	0	0	1,048,482	405,009	381,689	331,467	335,088	335,088	335,088	335,088	235,088	235,088	235,088	235,088
Bank Loan Facility	0	1,518,647	0	1,611,295	1,525,663	1,440,000	0	0	0	0	0	0	0	0
Current Portion of Long-term Loans and Borrowings	3,249,975	0	3,599,023	301,458	303,184	306,195	0	0	0	0	0	0	0	0
Current Portion of Mortgage Facilities	0	412,304	0	384,525	390,000	390,000	27,333	27,333	27,333	27,333	27,333	27,333	27,333	27,333
Current Portion of Finance Lease Liabilities	0	274,850	229,596	275,111	253,090	215,905	64,082	64,082	64,082	64,082	64,082	64,082	64,082	64,082
Income Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Portion of Vendor Take-back Loan	0	0	0	0	0	0	500,000	500,000	500,000	500,000	0	500,000	500,000	500,000
Current Portion of Other & Term Loan Facility	0	0	0	0	0	88,705	87,365	87,365	87,365	87,365	87,365	87,365	87,365	87,365
Total Current Liabilities	**11,686,689**	**7,847,213**	**6,142,256**	**6,514,939**	**5,123,568**	**4,268,485**	**2,684,172**	**4,373,980**	**4,373,980**	**4,108,486**	**1,648,548**	**3,478,989**	**4,908,601**	**4,908,601**
Non Current Liabilities														
Long-term Loans and Borrowings	2,206,621	116,440	828,655	1,254,221	1,179,484	1,346,807	11,663,600	11,663,600	11,663,600	11,663,600	9,663,600	9,163,600	9,163,600	9,163,600
Future Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' Equity														
Common Stock - Par Value	24,032,800	24,945,960	24,945,960	25,577,890	25,577,890	25,577,890	26,077,890	26,077,890	26,077,890	26,077,890	26,077,890	26,077,890	26,077,890	26,077,890
Additional Paid in Capital	1,085,717	1,364,017	1,621,078	1,803,096	1,855,747	1,894,576	1,894,576	1,894,576	1,894,576	1,894,576	1,894,576	1,894,576	1,894,576	1,894,576
Retained Earnings (Deficit)	(9,243,865)	(13,300,600)	(18,864,720)	(18,785,840)	(18,617,140)	(18,200,360)	(18,130,000)	(16,726,608)	(16,726,608)	(13,645,883)	(12,899,556)	(11,368,594)	(7,109,224)	(7,109,224)
Accumulated Other Comprehensive Income (Loss)	(54,000)	11	8,015	(3,989)	32,018	(7,986)	(3,988)	(3,988)	(3,988)	(3,988)	(3,988)	(3,988)	(3,988)	(3,988)
Warrants	47,796	78,009	47,796	313,710	313,710	313,710	313,710	313,710	313,710	313,710	313,710	313,710	313,710	313,710
Total Shareholders Equity	**15,868,448**	**13,087,397**	**7,758,129**	**8,904,867**	**9,162,225**	**9,577,830**	**10,152,188**	**11,555,580**	**11,555,580**	**14,636,305**	**15,382,632**	**16,913,594**	**21,172,965**	**21,172,965**
Total Liabilities & Shareholders Equity	**29,761,758**	**21,051,050**	**14,729,040**	**16,674,027**	**15,465,277**	**15,193,122**	**24,499,960**	**27,593,160**	**27,593,160**	**30,408,391**	**26,694,780**	**29,556,183**	**35,245,166**	**35,245,166**

Source: Company Reports and M Partners Estimates

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APPENDIX C: CASH FLOW STATEMENT

For the Fiscal Period Ending December 31	2008	2009	2010	2011	Q1/12	Q2/12	Q3/12	Q4/12 E	2012 E	Q1/13 E	Q2/13 E	Q3/13 E	Q4/13 E	2013 E
Operating Activities														
Net Income	(12,269,240)	(4,527,830)	(5,564,118)	78,874	168,707	416,776	70,351	1,251,466	1,907,300	2,928,799	622,317	1,406,952	4,135,360	9,093,426
Depreciation of Property, Plant and Equipment	0	0	1,424,839	1,113,752	267,884	269,556	329,673	564,737	1,431,850	450,221	462,521	454,129	472,110	1,838,981
Amortization of Property, Plant, and Equipment	2,241,754	1,700,308	0	0	0	0	0	0	0	0	0	0	0	0
Amortization of Intangible Assets	329,943	145,500	145,500	145,500	36,375	36,375	36,375	36,375	145,500	36,375	36,375	36,375	36,375	145,500
Loss on Sale of Property, Plant and Equipment	0	0	188,444	54,598	0	0	0	0	0	0	0	0	0	0
Gain/loss on Sale of Property, Plant and Equipment	308,873	1,748,154	0	0	0	0	50,931	0	50,931	0	0	0	0	0
Unrealized Loss on Available for Sale Portfolio Investment, Net of Future Income Tax	0	50,000	0	0	0	0	0	0	0	0	0	0	0	0
Impairment Losses of Property, Plant and Equipment	0	0	0	73,038	0	0	0	0	0	0	0	0	0	0
Goodwill Write-down	15,107,940	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock based Compensation	96,175	229,090	0	0	0	0	0	0	0	0	0	0	0	0
Share Based Payments	0	0	226,848	182,018	52,651	38,829	0	0	91,480	0	0	0	0	0
Deferred Tax Expense	0	0	2,099,700	0	0	0	0	0	0	0	0	0	0	0
Future Income Tax Expense (Recovery)	(1,176,245)	(1,286,100)	0	0	0	0	0	0	0	0	0	0	0	0
Finance Expense	0	0	202,564	808,065	67,733	67,401	171,417	135,426	441,977	135,426	107,511	107,511	107,511	457,958
Fair Value Adjustments	0	0	0	(121,215)	(7,128)	(29,953)	29,716	16,500	9,135	16,500	16,500	16,500	16,500	66,000
Insurance Proceeds from Loss of Inventories	0	0	0	(100,000)	0	0	0	0	0	0	0	0	0	0
Change in Non-cash Working Capital Related to Operating Activities	(2,786,414)	7,480,864	206,478	(1,829,361)	340,590	106,537	(354,892)	(1,619,646)	(1,527,411)	(2,532,336)	3,332,998	(1,472,961)	(441,630)	(1,113,929)
Gains on Sale of Property, Plant and Equipment	0	0	0	0	(5,000)	0	5,000	0	0	0	0	0	0	0
Deferred Income Tax Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Operating Activities	**1,852,786**	**5,539,986**	**(1,069,745)**	**405,269**	**921,812**	**905,521**	**338,571**	**384,858**	**2,550,762**	**1,034,985**	**4,578,221**	**548,506**	**4,326,225**	**10,487,936**
Investing Activities														
Purchase of Property Plant, and Equipment	(584,444)	(1,032,874)	(882,821)	(638,117)	(201,762)	(887,914)	(1,283,535)	(500,000)	(2,873,211)	(500,000)	(500,000)	(500,000)	(500,000)	(2,000,000)
Proceeds on Sale of Property, Plant and Equipment	0	0	859,630	498,960	5,000	0	147,411	0	152,411	0	0	0	0	0
Proceeds on Dispositions of Property, Plant and Equipment	540,332	1,896,286	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition of Business	0	0	0	0	0	0	351,307	0	351,307	0	0	0	0	0
Insurance Proceeds Relating to Property, Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Investing Activities	**(44,112)**	**863,412**	**(23,191)**	**(139,157)**	**(196,762)**	**(887,914)**	**(784,817)**	**(500,000)**	**(2,369,493)**	**(500,000)**	**(500,000)**	**(500,000)**	**(500,000)**	**(2,000,000)**
Financing Activities														
Proceeds from Long-term Debts	0	1,177,139	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of Long-term Debt	(3,379,187)	(4,311,494)	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from Term Loan Facility	0	0	3,599,023	1,500,000	0	0	0	0	0	0	0	0	0	0
Repayments of Term Loan Facility	0	0	0	(3,738,500)	(75,657)	(76,693)	(1,299,994)	0	(1,452,344)	0	0	0	0	0
Proceeds from Finance Lease Liabilities	0	0	719,997	211,050	62,321	0	122,808	0	185,129	0	0	0	0	0
Repayment of Finance Lease Liabilities	0	0	(584,074)	(262,766)	(67,052)	(68,840)	(261,103)	0	(396,995)	0	0	0	0	0
Proceeds of Mortgage Facility	0	0	531,038	0	0	0	390,000	0	390,000	0	0	0	0	0
Repayment of Mortgage Facility	0	0	(412,304)	(169,000)	0	0	(394,996)	0	(394,996)	0	0	0	0	0
Repayments of Other Loans Payable	0	0	1,048,482	(643,472)	(23,320)	(50,222)	3,621	0	(69,921)	0	(100,000)	0	0	(100,000)
Changes in Bank Indebtedness	1,575,912	(3,163,370)	(3,363,530)	962,200	(67,317)	(280,212)	(614,671)	0	(962,200)	0	0	0	0	0
Proceeds from Bank Loan Facility	0	0	0	1,800,000	0	0	5,706,019	0	5,706,019	0	0	0	0	0
Repayment of Bank Loan Facility	0	0	(1,518,647)	(180,000)	(90,000)	(90,000)	(1,440,000)	0	(1,620,000)	0	(2,000,000)	(500,000)	0	(2,500,000)
Proceeds from Issue of Common Shares, Net of Share Issue Costs	160,500	0	0	912,749	0	0	0	0	0	0	0	0	0	0
Share Repurchase	(68,516)	(18,912)	0	0	0	0	0	0	0	0	0	0	0	0
Share Issue Cost	0	973,500	0	(14,903)	0	0	0	0	0	0	0	0	0	0
Interest Paid on Loans and Borrowings	0	0	(202,564)	(678,299)	(65,406)	(68,800)	(397,463)	0	(531,669)	0	0	0	0	0
Proceeds of Other Terms Loan Facility & Vendor Take Back Financing	0	0	0	0	0	410,000	0	0	410,000	0	0	500,000	0	500,000
Repayment of Other Term Loan Facility & Vendor Take Back Financing	0	0	0	0	0	(6,924)	(21,630)	0	(28,554)	0	(500,000)	0	0	(500,000)
Cash Flow from Financing Activities	**(1,711,291)**	**(5,343,137)**	**(182,579)**	**(300,941)**	**(326,431)**	**(231,691)**	**1,792,591**	**0**	**1,234,469**	**0**	**(2,600,000)**	**0**	**0**	**(2,600,000)**
Cash Flow Net Changes in Cash	97,383	1,060,261	(1,275,515)	(34,829)	398,619	(214,084)	1,346,345	(115,142)	1,415,738	534,985	1,478,221	48,506	3,826,225	5,887,936
Previous Cash Balance	509,914	607,297	1,667,558	392,043	357,214	755,833	541,749	1,888,094	357,214	1,772,952	2,307,937	3,786,158	3,834,663	1,772,952
Ending Cash Balance	607,297	1,667,558	392,043	357,214	755,833	541,749	1,888,094	1,772,952	1,772,952	2,307,937	3,786,158	3,834,663	7,660,888	7,660,888

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Buy	47	81%
Hold	9	16%
Sell	2	3%
Total	58	100%